

MINUTES

Ordinary Council Meeting

23 June 2020

Mayor and Councillors

Here within are the Minutes of the Ordinary Council Meeting of the City of South Perth Council held Tuesday 23 June 2020 as an eMeeting.



GEOFF GLASS
CHIEF EXECUTIVE OFFICER

26 June 2020

Acknowledgement of Country

Kaartdjinin Nidja Nyungar Whadjuk Boodjar Koora Nidja Djining Noonakoort kaartdijin wangkiny, maam, gnarnk and boordier Nidja Whadjul kura kura.

We acknowledge and pay our respects to the traditional custodians of this land, the Whadjuk people of the Noongar nation and their Elders past and present.

Our Guiding Values



Disclaimer

The City of South Perth disclaims any liability for any loss arising from any person or body relying on any statement, discussion, recommendation or decision made during this meeting.

Where an application for an approval, a licence or the like is discussed or determined during this meeting, the City warns that neither the applicant, nor any other person or body, should rely upon that discussion or determination until written notice of either an approval and the conditions which relate to it, or the refusal of the application has been issued by the City.

Contents

| | | |
|-------------|---|-----------|
| 1. | DECLARATION OF OPENING | 5 |
| 2. | DISCLAIMER | 5 |
| 3. | ANNOUNCEMENTS FROM THE PRESIDING MEMBER | 5 |
| 4. | ATTENDANCE | 5 |
| 4.1 | APOLOGIES | 6 |
| 4.2 | APPROVED LEAVE OF ABSENCE | 6 |
| 5. | DECLARATIONS OF INTEREST | 6 |
| 6. | PUBLIC QUESTION TIME | 6 |
| 6.1 | RESPONSES TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE | 6 |
| 6.2 | PUBLIC QUESTION TIME: 23 JUNE 2020 | 6 |
| 7. | CONFIRMATION OF MINUTES AND TABLING OF NOTES OF BRIEFINGS | 6 |
| 7.1 | MINUTES | 6 |
| 7.1.1 | Ordinary Council Meeting Held: 26 May 2020 | 6 |
| 7.2 | CONCEPT BRIEFINGS | 7 |
| 7.2.1 | Council Agenda Briefing - 16 June 2020 | 7 |
| 7.2.2 | Concept Briefings and Workshops | 7 |
| 8. | PRESENTATIONS | 8 |
| 8.1 | PETITIONS | 8 |
| 8.2 | PRESENTATIONS | 8 |
| 8.3 | DEPUTATIONS | 8 |
| 8.4 | COUNCIL DELEGATES REPORTS | 8 |
| 8.5 | CONFERENCE DELEGATES REPORTS | 8 |
| 9. | METHOD OF DEALING WITH AGENDA BUSINESS | 9 |
| 10. | REPORTS | 10 |
| 10.1 | STRATEGIC DIRECTION 1: COMMUNITY | 10 |
| 10.1.1 | Tender 4/2020 Provision of Building Services (Collier Park Village) | 10 |
| 10.1.2 | Public Health Plan | 13 |
| 10.4 | STRATEGIC DIRECTION 4: LEADERSHIP | 16 |
| 10.4.1 | Listing of Payments - May 2020 | 16 |
| 10.4.2 | Monthly Financial Statements - May 2020 | 19 |
| 10.4.3 | Corporate Business Plan 2020-2024 | 22 |
| 10.4.4 | Adoption of the Annual Budget 2020/21 | 28 |

| | |
|---|-----------|
| 10.7 MATTERS REFERRED FROM COMMITTEE MEETINGS | 47 |
| 10.7.1 Internal Audit Report - Cash Handling | 47 |
| 10.7.2 Audit Register - Progress Report | 50 |
| 10.7.3 Risk Management Update | 52 |
| 10.7.4 Review of Policy P613 Capitalisation & Valuation of Fixed Assets | 56 |
| 11. APPLICATIONS FOR LEAVE OF ABSENCE | 58 |
| 12. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN | 58 |
| 12.1 NOTICE OF MOTION - COUNCILLOR MARY CHOY - POLICY P402 ALFRESCO DINING | 58 |
| 12.2 NOTICE OF MOTION - COUNCILLOR CARL CELEDIN - AUDIT, RISK AND GOVERNANCE COMMITTEE NOMINATION | 61 |
| 13. QUESTIONS FROM MEMBERS | 63 |
| 13.1 RESPONSE TO PREVIOUS QUESTIONS FROM MEMBERS TAKEN ON NOTICE | 63 |
| 13.2 QUESTIONS FROM MEMBERS | 63 |
| 14. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING | 63 |
| 15. MEETING CLOSED TO THE PUBLIC | 64 |
| 15.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED | 64 |
| 15.1.1 Bank Guarantee Variation Request | 64 |
| 15.1.2 Chief Executive Officer's Employment | 66 |
| 16. CLOSURE | 71 |
| APPENDIX | 72 |
| DISCLAIMER | 74 |

Ordinary Council Meeting - Minutes

Minutes of the Ordinary Council Meeting held as an eMeeting at 6.00pm on Tuesday 23 June 2020.

1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.01pm.

2. DISCLAIMER

The Presiding Member read aloud the City's Disclaimer.

3. ANNOUNCEMENTS FROM THE PRESIDING MEMBER

Nil.

Councillor Mary Choy connected to the eMeeting at 6.02pm during Item 4.

4. ATTENDANCE

Mayor Greg Milner (Presiding Member)

Councillors

Como Ward
Como Ward
Manning Ward
Manning Ward
Moresby Ward
Moresby Ward

Mill Point Ward
Mill Point Ward

Councillor Carl Celedin
Councillor Glenn Cridland
Councillor Blake D'Souza
Councillor André Brender-A-Brandis
Councillor Samantha Bradder
Councillor Stephen Russell (from 6.09pm)
Councillor Mary Choy (from 6.02pm)
Councillor Ken Manolas

Officers

Chief Executive Officer
Director Corporate Services
Director Development and Community Services
Director Infrastructure Services
Manager Finance
Manager Governance
Manager Human Resources
Governance Coordinator
Marketing and Communications Coordinator
Governance Officer

Mr Geoff Glass (retired 8.06pm)
Mr Colin Cameron
Ms Vicki Lummer
Mr Mark Taylor
Mr Abrie Lacock
Ms Bernadine Tucker
Ms Pele McDonald
Ms Toni Fry
Ms Lisa Williams
Ms Mieke Wevers

Gallery

There were approximately 10 members of the public connected to the eMeeting.

4.1 APOLOGIES

Nil.

4.2 APPROVED LEAVE OF ABSENCE

Nil.

5. DECLARATIONS OF INTEREST

- Chief Executive Officer, Geoff Glass – Financial Interest in relation to Item 15.1.2 as the report relates to his contract of employment.
- Councillor André Brender-A-Brandis – Impartiality Interest in relation to Item 15.1.2 as he worked at the City of South Perth whilst Geoff was CEO.

6. PUBLIC QUESTION TIME

6.1 RESPONSES TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil.

6.2 PUBLIC QUESTION TIME: 23 JUNE 2020

Nil.

7. CONFIRMATION OF MINUTES AND TABLING OF NOTES OF BRIEFINGS

7.1 MINUTES

7.1.1 Ordinary Council Meeting Held: 26 May 2020

0620/080

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Carl Celedin

Seconded: Councillor André Brender-A-Brandis

That the Minutes of the Ordinary Council Meeting held 26 May 2020 be taken as read and confirmed as a true and correct record.

CARRIED (8/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas.

Against: Nil.

7.2 CONCEPT BRIEFINGS

7.2.1 Council Agenda Briefing - 16 June 2020

Officers of the City presented background information and answered questions on Items to be considered at the 23 June 2020 Ordinary Council Meeting at the Council Agenda Briefing held 16 June 2020.

Attachments

7.2.1 (a): Council Agenda Briefing 16 June 2020 - Notes

7.2.2 Concept Briefings and Workshops

Officers of the City and/or Consultants provided Councillors with an overview of the following matters at Concept Briefings and Workshops:

| Date | Subject |
|-------------|---|
| 23 May 2020 | Swan Habitat Project Site Visit |
| 2 June 2020 | Plan drives Budget – Workshop 4 |
| 8 June 2020 | Public Health Plan Briefing |
| | Business Unit Briefing – Communications and Media |

0620/081

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder

Seconded: Councillor Ken Manolas

That Council notes the following Council Briefings/Workshops were held:

- 7.2.1 Council Agenda Briefing - 16 June 2020
- 7.2.2 Concept Briefings and Workshops

CARRIED (8/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas.

Against: Nil.

8. PRESENTATIONS

8.1 PETITIONS

Nil.

8.2 PRESENTATIONS

- **Australian Workplace Health & Safety Awards**

Mayor Greg Milner advised that the City has won the Australian Institute of Health and Safety (AIH&S) inaugural award for Best Enterprise Health and Wellbeing Initiative. The awards provide national recognition to organisations and individuals who are demonstrating excellence and innovation in the field of Workplace Health & Safety (WHS).

The City's health and wellbeing platform consists of a suite of programs under the pillars of Healthy Minds, Healthy Bodies, Healthy Life. Led by the HR Team (especially Pele McDonald and Gillian Sharp as OSH Coordinator) it involves all parts of the organisation.

8.3 DEPUTATIONS

Deputations are heard at Council Agenda Briefings. At the 16 June 2020 Briefing there were no 'Requests for a Deputation to Address Council' received.

8.4 COUNCIL DELEGATES REPORTS

Nil.

8.5 CONFERENCE DELEGATES REPORTS

Nil.

Councillor Stephen Russell connected to the eMeeting at 6.09pm during Item 9.

9. METHOD OF DEALING WITH AGENDA BUSINESS

The Presiding Member advised that with the exception of the items identified to be withdrawn for discussion that the remaining reports, including the Officer Recommendations, will be adopted by exception resolution (i.e. all together) as per Clause 5.5 Exception Resolution of the Standing Orders Local Law 2007.

The Chief Executive Officer confirmed all the report items were discussed at the Council Agenda Briefing held 16 June 2020 with the exception of the following items:

- Item 10.7.1 Internal Audit Report – Cash Handling
- Item 10.7.2 Audit Register – Progress Report
- Item 10.7.3 Risk Management Update
- Item 10.7.4 Review of Policy P613 Capitalisation & Valuation of Fixed Assets

ITEMS WITHDRAWN FOR DISCUSSION

Item 10.4.3 Corporate Business Plan 2020-2024

Item 10.4.4 Adoption of the Annual Budget 2020/21

Item 10.7.4 Review of Policy P613 Capitalisation & Valuation of Fixed Assets

Item 15.1.2 Chief Executive Officer's Employment

The Presiding Member called for a motion to move the balance of reports by Exception Resolution.

0620/082

COUNCIL DECISION

Moved: Councillor Samantha Bradder

Seconded: Councillor André Brender-A-Brandis

That the Officer Recommendations in relation to the following Agenda Items be carried by exception resolution:

- Item 10.1.1 Tender 4/2020 Provision of Building Services (Collier Park Village)
- Item 10.1.2 Public Health Plan
- Item 10.4.1 Listing of Payments - May 2020
- Item 10.4.2 Monthly Financial Statements - May 2020
- Item 10.7.1 Internal Audit Report - Cash Handling
- Item 10.7.2 Audit Register - Progress Report
- Item 10.7.3 Risk Management Update
- Item 15.1.1 Bank Guarantee Variation Request

CARRIED (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

10. REPORTS

10.1 STRATEGIC DIRECTION 1: COMMUNITY

10.1.1 Tender 4/2020 Provision of Building Services (Collier Park Village)

| | |
|-----------------------|---|
| Location: | Collier Park Village Retirement Complex |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Reference: | D-20-43647 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Genevieve Mack, Collier Park Village Coordinator |
| Reporting Officer(s): | Vicki Lummer, Director Development and Community Services |
| Strategic Direction: | Community: A diverse, connected, safe and engaged community |
| Council Strategy: | 1.2 Community Infrastructure |

Summary

This report considers submissions received from the advertising of Tender 4/2020 for the Provision of Building Services.

This report will outline the assessment process used during evaluation of the tenders received and recommend approval of the tender that provides the best value for money and level of service to the City.

0620/083

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder
Seconded: Councillor André Brender-A-Brandis

That Council:

1. Accepts the tender submitted by Oban Group for the Provision of Building Services in accordance with Tender Number 4/2020 for the period of supply up to three years with the option to extend for an additional two years at the City's discretion;
2. Accepts the estimated tender price of \$1,246,378 excluding GST based on the schedule of rates as included in **Confidential Attachment (a)**.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

A Request for Tender (RFT) 4/2020 for the Provision of Building Services was advertised in The West Australian on Saturday 22 February 2020 and closed at 2:00pm on Tuesday 24 March 2020.

The provision of building services within the Collier Park Village facilitates the planned, emergency and reactive maintenance services of the City's infrastructure contained at the Collier Park Village, including 169 independent living units, communal areas, Community Centre and Workshop. These services were categorised as general maintenance, painting, tiling, cabinetry, paving and roofing.

The City typically incurs costs to the approximate value of \$300,000 annually in association with the procurement of these services. The estimated value of the contract over a five year period is approximately \$1.5 million and therefore requires the establishment of a service supply contract via public tender in compliance with the City's Policy P605 Purchasing.

Tenders were invited as a Schedule of Rates. The contract is for a period of three years with the option of a further two years at the City's complete discretion.

Comment

At the close of the tender advertising period 15 submissions had been received and these are tabled below:

TABLE A – Tender Submissions

| Tender Submissions | |
|--------------------|---|
| 1. | AWB Building Co. |
| 2. | Arden Group |
| 3. | Bayside Australia Pty Ltd |
| 4. | Brian Gregson Management (Non-conforming) |
| 5. | BYTE Construction Pty Ltd |
| 6. | Devco Holdings Pty Ltd |
| 7. | JDS Building Maintenance Services |
| 8. | Marawar |
| 9. | Oban Group |
| 10. | Prime Facie Painting |
| 11. | Programmed Property Services |
| 12. | Prostruct Pty Ltd |
| 13. | Prova Construction Pty Ltd |
| 14. | Uban Building Group |
| 15. | Walcott Industries Pty Ltd |

During the initial tender compliance check, one tender was assessed as non-conforming and consequently did not proceed to qualitative assessment. The conforming tenders were subsequently assessed by an Evaluation Panel in accordance with the qualitative criteria detailed in the RFT. The qualitative criteria and relative weighting are described in Table B below.

TABLE B - Qualitative Criteria

| Qualitative Criteria | Weighting % |
|--|-------------|
| 1. Relevant Experience | 40% |
| 2. Key Personnel, Skills and Resources | 30% |
| 3. Demonstrated Understanding | 30% |
| Total | 100% |

Based on the assessment of all submissions received for Tender 4/2020 Provision of Building Services, it is recommended that the tender submission from Oban Group be accepted by Council.

More detailed information about the assessment process can be found in the Recommendation Report – **Confidential Attachment (a)**.

Consultation

Public tenders were invited in accordance with the *Local Government Act 1995* (the Act).

Policy and Legislative Implications

Section 3.57 of the Act requires a local government to call tenders. Part 4 of the Local Government (Functions and General) Regulations 1996 requires a tender to be called when the expected value is likely to exceed \$250,000.

The following Council Policies also apply:

- Policy P605 - Purchasing and Invoice Approval
- Policy P607 -Tenders and Expressions of Interest

Financial Implications

Funding to facilitate the delivery of the works provided via this service contract are included in the Collier Park Village 2019/2020 operating budget. Similar funding is anticipated for the period of the contract.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction: Community
 Aspiration: A diverse, connected, safe and engaged community
 Outcome: Community Infrastructure
 Strategy: Manage the provision, use and development of the City's properties, assets and facilities

Attachments

10.1.1 (a): Recommendation Report (*Confidential*)

10.1.2 Public Health Plan

| | |
|-----------------------|---|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43648 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Fiona Mullen, Manager Development Services Ceri Foster, Environmental Health Officer |
| Reporting Officer(s): | Vicki Lummer, Director Development and Community Services |
| Strategic Direction: | Community: A diverse, connected, safe and engaged community |
| Council Strategy: | 1.1 Culture & Community |

Summary

This report considers the introduction of the City of South Perth draft Public Health Plan that seeks to:

1. Report on the current health status of the community and identifies areas where the City can contribute to improvements of health outcomes for the community and visitors;
2. Partner with other organizations and institutions to improve the health and well-being of the community; and
3. Deliver programs that address health concerns and reduces the burden of chronic disease.

0620/084

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder

Seconded: Councillor André Brender-A-Brandis

That Council:

1. Resolves to endorse the City of South Perth draft Public Health Plan as set out in **Attachment (a)**;
2. Publically advertises the draft Public Health Plan for a period of not less than 21 days; and
3. Following completion of the public comment period, receives a further report detailing the outcomes of the public comment period, including any submissions received, for consideration.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

A Sustainable Health Review was announced by the Government of Western Australia in 2017 to develop a more sustainable health system for Western Australia. It included a number of strategies and recommendations which included halting the rise in obesity in WA, reducing harmful alcohol use, reducing inequity in health outcomes and access to care for vulnerable groups such as Aboriginal people, culturally and linguistically diverse people and people living in low socio-economic conditions.

This first draft Public Health Plan is a guide for the City to integrate a public health focus into existing services and facilities and future public health initiatives.

Comment

The City is committed to improving the health and well-being of its community. This first draft Public Health Plan of the City (the draft Plan) is a guide for the City to integrate a public health focus into existing services and facilities and future public health initiatives.

The draft Plan has been informed by data from State Government, the East Metropolitan Health Service and feedback gathered from the community and stakeholders during the engagement period undertaken in November -December 2019. During this period the community and stakeholders were invited to give their feedback on areas identified as public health priorities in the State Plan and community health profile data to determine perceived areas of concern. The community and stakeholders were also asked to rank the importance of what services/infrastructure the City offered in relation to maintaining public health, and invited to share their most important public health concerns. From this information the draft Plan identifies key priority areas where the City can assist community and stakeholders towards better health and wellbeing by developing Key Action Areas.

The following three Key Action Areas are therefore a reflection of the health status of our community, issues raised during the stakeholder engagement process and the State Public Health Plan:

- Public Health Protection
- Chronic health
- Mental health

The City's engagement overview report is set out in **Attachment (b)**.

The draft Plan is a broad community wide approach which endeavours to work towards better health outcomes of the City. However, it is acknowledged that a number of risk factors can contribute to poorer health outcomes such as low financial security, unemployment and homelessness which can lead to decreased health status. Similarly those living with a disability and minority groups may also encounter barriers to achieving good health. The City engages in a number of ways to address some of these factors such as service delivery through our senior citizen centres, libraries and in partnerships with local groups and clubs.

Part of the City's vision for the future as articulated in the Strategic Community Plan (2020-2030) includes planning for a new Recreational and Aquatic Facility (RAF) with an explicit focus on improving health outcomes through preventative health activities. The proposed RAF will provide an integrated model of health and deliver a range of exercise and wellness programs.

In addition, the RAF will include a wide range of sporting and recreational activities such as swimming, golf and playing courts. The City is actively developing partnerships with key stakeholders to deliver this objective.

The draft Plan adopts a long term population based preventative health focus to assist people to stay healthier for longer.

Consultation

Should Council resolve to endorse the draft Plan it will be publically advertised for a period of at least 21 days.

At the completion of the public advertising period, a further report will be presented to Council with recommendations incorporating any comments received during the advertising period.

Policy and Legislative Implications

Part 5 of the *Public Health Act 2016* requires local governments to prepare a Public Health Plan by 2021.

Financial Implications

The implementation of the community wide preventative health approach advocated within the draft Public Health Plan will result in financial implications across a number of service areas.

The cost of implementation in the first year would equate to approximately \$10,000 which is included in the 2020/21 budget process.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Community |
| Aspiration: | A diverse, connected, safe and engaged community |
| Outcome: | Culture and Community |
| Strategy: | Encourage and educate the community to embrace sustainable and healthy lifestyles |

Attachments

| | |
|-------------|--|
| 10.1.2 (a): | Public Health Plan |
| 10.1.2 (b): | Stakeholder Engagement Overview Report |

10.4 STRATEGIC DIRECTION 4: LEADERSHIP

10.4.1 Listing of Payments - May 2020

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43650 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Abrie Lacock, Manager Finance |
| Reporting Officer(s): | Colin Cameron, Director Corporate Services |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

This report presents to Council a list of accounts paid under delegated authority between 1 May 2020 and 31 May 2020 for information. During the reporting period, the City made the following payments:

| | | |
|--|--------------|-----------------------|
| EFT Payments to Creditors | (406) | \$3,764,753.21 |
| Cheque Payment to Creditors | (2) | \$1,105.65 |
| Total Monthly Payments to Creditors | (408) | \$3,765,858.86 |
| EFT Payments to Non-Creditors | (76) | \$107,663.40 |
| Cheque Payments to Non-Creditors | (21) | \$10,907.42 |
| Total EFT & Cheque Payments | (505) | \$3,884,429.68 |
| Credit Card Payments | (7) | \$8,860.87 |
| Total Payments | (512) | \$3,893,290.55 |

0620/085

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder

Seconded: Councillor André Brender-A-Brandis

That Council receives the Listing of Payments for the month of May 2020 as detailed in **Attachment (a)**.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

Regulation 11 of the Local Government (Financial Management) Regulations 1996 requires the development of procedures to ensure the approval and authorisation of accounts for payment. These controls are documented in Policy P605 - Purchasing and Invoice Approval and Delegation DM605 sets the authorised purchasing approval limits.

After an invoice has been matched to a correct Goods Receipt Note in the financial system, payment to the relevant party must be made and the transaction recorded in the City's financial records. Payments in the attached listing are supported by vouchers and invoices.

Comment

A list of payments made during the reporting period is prepared and presented to the next ordinary meeting of Council and recorded in the minutes of that meeting. The payment listing for May 2020 is included at **Attachment (a)**.

It is important to acknowledge that the presentation of this list of payments is for information purposes only as part of the responsible discharge of accountability.

In accordance with the Council resolution on 26 March 2019, the attached report includes a "Description" for each payment. Officers provide a public disclaimer in that the information contained within the "Description" is unlikely to accurately describe the full nature of each payment. In addition, officers have used best endeavours to redact (in black) information of a private or confidential nature.

The report records payments classified as:

- **Creditor Payments**

These include payments by both cheque and EFT to regular suppliers with whom the City transacts business. The reference number represent a batch number of each payment.

- **Non Creditor Payments**

These one-off payments that include both cheque and EFT are made to individuals / suppliers who are not listed as regular suppliers. The reference number represent a batch number of each payment.

- **Credit Card Payments**

Credit card payments are now processed in the Technology One Finance System as a creditor payment and treated as an EFT payment when the bank account is direct debited at the beginning of the following month.

Details of payments made by direct credit to employee bank accounts in accordance with contracts of employment are not provided in this report for privacy reasons nor are payments of bank fees such as merchant service fees which are directly debited from the City's bank account in accordance with the agreed fee schedules under the contract for provision of banking services.

Consultation

Nil.

Policy and Legislative Implications

Regulation 11 of the Local Government (Financial Management) Regulations 1996.
Policy P605 - Purchasing and Invoice Approval and Delegation DM605.

Financial Implications

The payment of authorised amounts is within existing budget provisions.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

10.4.1 (a): Listing of Payments May 2020

10.4.2 Monthly Financial Statements - May 2020

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43651 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Abrie Lacock, Manager Finance |
| Reporting Officer(s): | Colin Cameron, Director Corporate Services |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

The monthly Financial Statements are provided within **Attachments (a)–(i)**, with high level analysis contained in the comments of this report. The commencement of new accounting software (1System Project) on 1 July 2019, required all reports to be recreated. Report refinement is an ongoing task.

0620/086

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder
Seconded: Councillor André Brender-A-Brandis

That Council notes the Financial Statements and report for the month ended 31 May 2020.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

Regulation 34(1) of the Local Government (Financial Management) Regulations 1996, requires each local government to present a Statement of Financial Activity reporting on income and expenditure as set out in the annual budget. In addition, regulation 34(5) requires a local government to adopt a percentage or value to report on material variances between budgeted and actual results. The 2019/20 budget adopted by Council on 25 June 2019, determined the variance analysis for significant amounts of \$10,000 or 10% for the financial year. Each Financial Management Report contains the Original Budget and Revised (Adjusted) Budget, allowing comparison between the adopted budget and any budget adjustments approved by Council.

Comment

The Statement of Financial Activity, a similar report to the Rate Setting Statement, is required to be produced monthly in accordance the Local Government (Financial Management) Regulations 1996. This financial report is unique to local government drawing information from other reports to include Operating Revenue and Expenditure, Capital Income and Expenditure as well as transfers to reserves and loan funding.

Commencement with the new accounting software (1System Project) on 1 July 2019 has created some challenges as the budget was based on the Chart of Accounts within Authority, the old financial system. These budgets were loaded and reported within the Chart of Accounts in the Technology One CiAnywhere Finance System (1System Project). This results in some of the Budgets vs Actuals appearing in the reports slightly differently, report refinement is an ongoing task. This does not affect the overall budget for each business unit, rather the detailed lines within. These budget adjustments (with nil effect) along with other budget review adjustments, was approved by Council at the Ordinary Council Meeting held 25 February 2020. The Budget Review entries have been processed, phasing was also revised during this process. In certain instances the reallocation of actual expenditure was also required, review and reallocation where appropriate is an ongoing task.

Actual income from operating activities for May year-to-date (YTD) is \$57.01m in comparison to budget of \$56.96m. Actual expenditure from operating activities for May is \$54.11m in comparison to budget of \$55.92m. The May Net Operating Position of \$2.89m was \$1.85m favourable in comparison to budget. The budget adjustment resulting from the COVID-19 measures 1 April 2020 to 30 June 2020 adopted by Council at its Special Meeting held 21 April 2020 has been processed. The impact of COVID-19 is evident in the Revenue variances in Operating Revenue, however perhaps less than originally anticipated.

Actual Capital Revenue YTD is \$2.04m in comparison to the budget of \$3.05m. Actual Capital Expenditure YTD is \$9.98m in comparison to the budget of \$13.35m.

Cash and Investments balance is \$51.61m. This balance is reducing more noticeably as we are moving closer to the end of the financial year because the greater part of cash collection of rates revenue occurs at the beginning of the financial year and project spending peak toward the end of the financial year. COVID-19 had an impact on the Cash and Investments balance although at this stage less than had been anticipated. Consistent with previous monthly reports, Cash and Investment balance is contained within the Statement of Financial Position. In addition, further detail is included in a non-statutory report (All Council Funds).

The City holds a portion of its funds in financial institutions that do not invest in fossil fuels. Investment in this market segment is contingent upon all of the other investment criteria of Policy P603 Investment of Surplus Funds being met. Currently the City holds 27.24% of its investments in institutions that do not provide fossil fuel lending. The Summary of Cash Investments illustrates the percentage invested in each of the non-fossil fuel institutions and the short term credit rating provided by Standard & Poors for each of the institutions.

Consultation

Nil.

Policy and Legislative Implications

This report is in accordance with the requirements of the Section 6.4 of the *Local Government Act 1995* and regulations 34 and 35 of the Local Government (Financial Management) Regulations 1996.

Financial Implications

The preparation of the monthly financial reports occurs from the resources provided in the annual budget.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

| | |
|-------------|--------------------------------------|
| 10.4.2 (a): | Statement of Financial Position |
| 10.4.2 (b): | Statement of Change in Equity |
| 10.4.2 (c): | Statement of Financial Activity |
| 10.4.2 (d): | Operating Revenue & Expenditure |
| 10.4.2 (e): | Significant Variance Analysis |
| 10.4.2 (f): | Capital Revenue & Expenditure |
| 10.4.2 (g): | Statement of Council Funds |
| 10.4.2 (h): | Summary of Cash Investments |
| 10.4.2 (i): | Statement of Major Debtor Categories |

10.4.3 Corporate Business Plan 2020-2024

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43652 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Leah Horton, Business Improvement Coordinator |
| Reporting Officer(s): | Colin Cameron, Director Corporate Services |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

The purpose of this report is to provide an overview of the content and creation of the Corporate Business Plan 2020-2024 and seeks adoption of the plan.

0620/087

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Carl Celedin

Seconded: Councillor Samantha Bradder

That Council adopts the Corporate Business Plan 2020-2024 as contained in **Attachment (a)**.

CARRIED BY ABSOLUTE MAJORITY (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

In accordance with the *Local Government Act 1995* (the Act) and the Local Government (Administration) Regulations 1996 (the regulations), the City of South Perth (the City) has developed an Integrated Planning and Reporting Framework (IPRF). The objective of this framework is to guide our planning and reporting processes to ensure alignment to, and delivery of the community's expectations.

Section 5.56(1) of the Act states that a local government is to have a "plan for the future", and s5.56(2) states that the plans are to be made "in accordance with any regulations made about planning for the future". The regulations then prescribe these plans to be a Strategic Community Plan (SCP) and a Corporate Business Plan (CBP) through Division 3, 19C and 19DA respectively. The detailed requirements of such plans are detailed within the regulations, framework and guidelines.

The SCP is the overarching 10 year plan for the City that sets out the vision, aspirations and objectives of the community. The CBP is the City's four year action plan that sets out the priorities by reference to operations that are within the capacity of the City's resources for delivery of the objectives and aspirations of the community, as contained within the SCP.

It is a requirement of the Act that the City undertake a minor review of the SCP every two years with a major review to be completed every four years. The City's first SCP 2013-2023 was adopted by Council in December 2012, with a minor review completed in July 2015 (SCP 2015-2025). The major review resulted in the adoption of the SCP 2017-2027 in September 2017.

The City recently completed a minor review of the SCP 2017-2027, producing the SCP 2020-2030 which was endorsed by Council at its meeting held 26 May 2020. This report has been prepared for Council to adopt an updated CBP 2020-2024.

Comment

The SCP is the starting point of the IPRF. It is a long term, overarching strategy document that outlines the community's aspirations and priorities for the future and sets out the key strategies required to achieve these.

Once the SCP is adopted, a CBP should be developed and adopted that articulates how and when things will be undertaken to deliver on the Community Vision as articulated in the SCP. The CBP outlines in detail the projects, services, actions, operations and performance measurements required to ensure delivery of the SCP.

The IPRF is the overarching framework that encompasses both the SCP and CBP and the suite of strategic and operational informing documents; such as the Long Term Financial Plan (LTFP), that the City is required by legislation to prepare with the involvement of the community.

Ideally, the first year of the LTFP informs the Annual Budget adoption, with financial reporting monthly to Council and quarterly reporting of progress against the CBP. The Annual Report then provides both commentary and financial information to describe the annual progress relating to the CBP in response to the SCP.

The diagram below shows how all of the elements of the IPRF fit together to deliver and report on Council priorities which are informed by the community vision and aspirations.



The SCP 2020-2030 was endorsed by Council at its meeting held 26 May 2020 following a minor review on the previous plan that had commenced in late 2019. In anticipation of the new SCP, a CBP was drafted simultaneously to ensure that upon SCP endorsement the City would be able to subsequently follow with the operational planned response.

The CBP provides an overview of the organisation's plans over a four year period, in order to deliver on the SCP. It provides insight into the structure of the organisation, the planning framework and how the CBP fits into the various other plans and strategies that the City produces. Aligned to the SCP, the purpose of the CBP is to articulate priorities, aspirations and objectives from "what" the City wants to do, into a "how" the City is going to do it. The CBP can be considered the City's project and service delivery plan by outlining such in detail along with the actions, operations, resources and performance measures that are required to deliver on the priorities identified in the SCP.

Prior to initiating a draft document, a thorough review of previous CBP documents, both of the City of South Perth and other local governments was completed to consider best practice in layout and content. The legislative requirements and the City's various other integrated documents, such as the Annual Report, Workforce Plan and Community Facilities Plan were also reviewed to ensure that the plan was integrated and current.

In drafting the CBP, the structure was set out with the intent of being simple yet sophisticated, meeting the City's legislative requirements, but providing enough information and detail so that the plan is robust enough for success to be measured against. The draft structure was presented to Council at the Plan Drives Budget – Workshop II (07/04/2020) and Workshop IV (02/06/2020).

The draft is aligned to the SCP 2020-2030, with all Strategies listed against the four Strategic Directions; Community, Economy, Environment (Built and Natural) and Leadership, responded to through detailing delivery across three main aspects:

1. **Planned Actions:** A detailed listing of the 88 projects and initiatives annual actions that are planned for each year, mapped out over the four year period
2. **Enabling Services:** A listing of the 285 services and programs provided by each business unit to support delivery of strategies through our daily operations
3. **Measures of Success:** A breakdown of the 67 key performance indicators (KPI's) that will be used to measure progress at regular intervals against the strategies.

The draft CBP provided an outline and suggestions around possible annual actions, service detail and proposed measures of success for each Strategy. Following the 26 May 2020 SCP 2020-2030 endorsement by Council, the CBP draft was edited accordingly, amending the alignment of certain strategies with the endorsed plan.

Planned Actions

The foundation of the CBP was built from the business unit plans that exist for each business unit within the organisational structure. These business unit plans list the operational and corporate actions that the applicable area is focusing on for a financial year, with actions aligned to a relevant strategy from the SCP. As the business unit plans are focused on delivery over a one year period, the CBP actions were mapped out over a further three years, with the action wording being changed appropriately to identify what is planned for delivery each year, if the action was continuing across multiple years.

Throughout this process, the implications of the COVID-19 pandemic were increasing and therefore further work was undertaken to ensure that specific actions relating to the City's response were included in the four year mapping, changing from a response and development of action in the first year, to a monitoring and review action in the subsequent years. Where a specific project/initiative is planned for completion, the project close date is implied as being the last year with planned actions detailed.

The planned actions are sorted alphabetically against each Strategy, with the applicable directorate and business unit assigned to each. The methodology shows, at a high level, what the City is doing to ensure delivery of each strategy within the SCP, each year for four years. The planned actions will be reviewed annually and rolled-over to extend the term by a further 12 months.

Enabling Services

The City does more to deliver the SCP than what is detailed through the Corporate Planned actions outlined in the first section. There are multiple services and programs that are provided to the community at an operational level that support delivery of the SCP strategies, objectives and strategic directions. The CBP details such services and programs at a business unit/service level.

The services and programs provided by each business unit that enable and support the delivery of strategies under each strategic direction from the SCP are detailed through an alphabetised bullet point list. The majority of business units detail service provision across more than one strategic direction such as Development Services which provides services for all four strategic directions.

The service list and mapping against strategies was completed through reviewing previous business unit plans and meeting with managers to ensure completeness, accuracy and mapping confirmation. A large part of the service list mapping was dedicated to obtaining a consistent level of service detail across each business unit, so that the services listing of each business unit were comparable to another.

Measures of Success

To ensure that the CBP plays a major role in the execution of the SCP, performance metrics for each strategy are indicated in the plan.

For each of the four strategic directions, the key performance indicators (KPI's) that will be used to measure progress against each strategy are detailed in table format. Each measure of success is detailed through three elements:

1. Operational key performance indicators: A summary of the KPI, the objective
2. KPI description: What data will be measured, the formula to calculate success
3. Performance measure: The specific target that will indicate success.

In the creation of KPI's, the objective was to provide measurable, meaningful and robust performance indicators, metrics that were within the control of the responsible business unit and that were the most predictive of success in delivering the applicable strategy from the SCP. Wherever possible, indicators and benchmark standards that are currently used in existing plans or for statutory reporting (such as financial health indicators) were used to ensure consistency across City reporting and to streamline reporting.

The measures of success found within the CBP can now be integrated into applicable informing plans and reporting documents such as the Annual Report.

Furthermore it is important to consider the 25 May 2020 decision by Council to begin the next SCP in the 2020/21 financial year.

Consultation

Nil

Policy and Legislative Implications

Local Government Act 1995

Local Government (Administration) Regulations 1996

Financial Implications

The CBP 2020-2024 will help guide the City's financial planning, including the 10 year LTFP and Annual Budgets.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

10.4.3 (a): Corporate Business Plan 2020-2024

10.4.4 Adoption of the Annual Budget 2020/21

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43654 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Abrie Lacock, Manager Finance |
| Reporting Officer(s): | Colin Cameron, Director Corporate Services |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

This report presents the Draft Annual Budget 2020/21, as attached, for adoption by Council.

0620/088

COUNCIL DECISION

Moved: Mayor Greg Milner
Seconded: Councillor Blake D'Souza

That in accordance with Clause 8.10 of the City of South Perth Standing Orders Local Law 2007 the meeting be suspended to allow Councillor André Brender-A-Brandis to speak on his proposed amended motion.

CARRIED (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

0620/089

COUNCIL DECISION

Moved: Mayor Greg Milner
Seconded: Councillor Stephen Russell

That Clause 8.10 of the City of South Perth Standing Orders Local Law 2007 be reinstated.

CARRIED (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

At the request of Councillor Glenn Cridland, the Presiding Member adjourned the eMeeting in accordance with Clause 15.1 of the City of South Perth Standing Orders Local Law 2007 at 6.24pm for a duration of 15 minutes to enable the councillors an opportunity to read the late amended motion received at 5.19pm from Councillor André Brender-A-Brandis.

The eMeeting resumed at 6.39pm.

Officer Recommendation

Moved: Councillor Glenn Cridland

Seconded: Councillor Carl Celedin

That Council adopts the Annual Budget 2020/21 for the City of South Perth which includes the following:

- a. a General Rate in the Dollar of 7.7634 cents is applied to the Gross Rental Value (GRV) of all rateable property within the City for the year ending 30 June 2021;
- b. a Minimum Rate of \$994.00 be set for the year ending 30 June 2021 notwithstanding the General Rate set out in part (a) above;
- c. the following rubbish service charges be applied for the year ending 30 June 2021:
 - i. a standard Rubbish Service Charge of \$325.00;
 - ii. a non-rateable property Rubbish Service Charge of \$448.00;
 - iii. a standard 1,100 litre bin Rubbish Service Charge of \$1,625.00;
 - iv. a non-rateable property 1,100 litre bin Rubbish Service Charge of \$2,240.00;
- d. the Swimming Pool Inspection Fee for the year ending 30 June 2021 of \$30.00;
- e. the following dates be set for payment of rates by instalments:

| | |
|-------------------|-----------------|
| First instalment | 26 August 2020 |
| Second instalment | 4 November 2020 |
| Third instalment | 6 January 2021 |
| Fourth instalment | 10 March 2021 |
- f. an Administration Charge of \$10.00 per instalment for payment of rates by instalments be applied to the second, third and fourth instalment in accordance with Section 6.45(3) and (4) of the *Local Government Act 1995* and Regulation 67 of the Local Government (Financial Management) Regulations 1996;
- g. an Interest Rate of 5.5% be imposed on payment by instalments, to apply to the second, third and fourth instalment in accordance with Section 6.45(3) of the *Local Government Act 1995* and Regulation 68 of the Local Government (Financial Management) Regulations 1996;

- h. an Interest Rate of 8% be imposed on overdue rates in accordance with Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the Local Government (Financial Management) Regulations 1996;
- i. an Interest Rate of 8% be imposed on unpaid Underground Power (UGP) Service Charges in accordance with Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the Local Government (Financial Management) Regulations 1996;
- j. an Interest Rate of 8% be imposed on outstanding debtors in accordance with Section 6.13(1) of the *Local Government Act 1995*.
- k. a Monthly Maintenance Fee of \$440.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period from July 2020 to June 2021 inclusive;
- l. the Statutory Annual Budget for the year ending 30 June 2021 comprising Section 2 of the 2020/21 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted;
- m. the Management Account Summary Budget Schedules for the financial year ending 30 June 2021 as set out in Section 3 of the Annual Budget be endorsed;
- n. the Capital Expenditure Budget for the financial year ending 30 June 2021 as set out in Section 2, Note 4 of the Annual Budget is adopted;
- o. the Reserve Fund transfers for the financial year ending 30 June 2021 as set out in Section 2, Note 7 of the Annual Budget be approved;
- p. the Schedule of Fees and Charges as set out in the Fees and Charges Schedule for the year ending 30 June 2021 be adopted, including State Government Statutory Fees which are still to be determined at a later date than this Report;
- q. the effective date for all items detailed in the 2020/21 Schedule of Fees and Charges is 1 July 2020.
- r. Council adopt a definition of 'significant (material) variances' of \$10,000 or 10% (whichever is the greater) for each capital project and business unit operating revenue and expenditure line item.
- s. In addition to the measures contained within this budget, the following are the specific measures to continue the City's response to COVID-19:
 - i. Waiver of all interest accrued on Rates, Emergency Services Levy (ESL) and Waste from 1 July 2020 to 30 September 2020, for residential and commercial properties in accordance with Policy P697 Financial Hardship Assistance;
 - ii. Suspension of debt collection activities for the 2020/21 financial year;
 - iii. Granting a 3 month repayment holiday, with no penalty interest, for all community group Self Supporting Loans from 1 July 2020 to 30 September 2020;
 - iv. Waiver of club and community organisations lease and licence charges, excluding outgoings for 3 months from 1 July 2020 to 30 September 2020;

- v. Waiver of licence fees on a pro-rata basis for businesses affected by the WA State Government Closure and Restriction (Limit the Spread) Directions;
- vi. Freezing commercial property lease and licence payments for those that apply and are deemed eligible under Policy P697 Financial Hardship Assistance for a period of three months from 1 July 2020 to 30 September 2020;
- vii. Freezing all rent reviews for a period of three months from 1 July 2020 to 30 September 2020;
- viii. Provide relief in accordance with the Commercial Tenancies Code of Conduct and Policy P697 Financial Hardship Assistance;
- ix. Endorse the refund of all cancelled bookings at City controlled properties and facilities;
- x. Adopt the grant programs contained in this budget to support community sporting and cultural groups;
- xi. Adopt the funding for preparation of an Economic Development Plan to provide a framework for practical support to assist the recovery of the local business sector.

Absolute Majority required

Amended Motion

Moved: Councillor André Brender-A-Brandis

Seconded: Councillor Blake D'Souza

That the Officer's Recommendation be amended to include the following adjustments;

1. Reduce Capital Expenditure by \$1,356,000 (Summary Table, Item A) (\$1,561,000 increase to Municipal Funds, reduced by; \$205,000 drawn from the Community Facilities Reserve),
2. Reduce Gross Rates Revenue by \$406,971, from \$38,361,956 to \$37,954,985 (Summary Table, Item B),
3. Reduce Operating Expenditure by \$126,703 (Summary Table, Item B),
4. Transfer \$408,729 from the Employee Entitlement Reserve to Municipal Funds (Summary Table, Item C),
5. Transfer \$120,000 to the Riverwall Reserve, from Municipal Funds (Summary Table, Item C) and
6. Remove the new loan (new borrowings) of \$1,560,000 (Summary Table, Item D).

The amendment was put and declared CARRIED by an Absolute Majority (6/3) and formed part of the substantive motion.

For: Mayor Greg Milner and Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Stephen Russell.

Against: Councillors Samantha Bradder, Glenn Cridland and Carl Celedin.

Reasons for Change

The proposed 2020/21 Budget is not balanced by increasing borrowings with the following significant variances to the estimated 2019/20 outcomes;

1. \$1.8 million operating deficit (an increase of \$1.6 million from the 2019/20 deficit estimate of \$0.2 million). Operating expenditure should be reviewed and rationalised to manage the structural deficit.
2. \$6.3 million net decrease in cash and cash equivalents.
3. \$3 million net decrease in reserves, without replenishing for capital or significant project works.
4. \$0.6 million increase in operating expenditure.

In addition to the above significant 2020/21 Budget variances, the following financial reasons for the amendments are as follows;

5. \$1.6 million of new loans to fund the proposed 2020/21 expenditure. Borrowings to fund operational activities should not be a precedent to manage the City's cash operating shortfall. The \$1.6 million borrowing has been classified as 'various municipal works', when this should be applied against significant new capital projects which are not general operating activities or routine capital works (e.g. buildings, roads, parks).
6. \$7 million of City loans exists as at 1 July 2020 (Collier Park Golf Course \$2.4 million and Municipal works \$4.6 million), and in the current circumstances, additional debt to fund operations or capital projects should not be undertaken.
7. Capital expenditure proposed in the draft Budget for the 2020/21 year, totals \$16.1 million. Some of the significant recurrent and new projects include the following;
 - Collier Park Golf Course (\$2.3 million), including the new Mini-Golf Project (\$1.7 million),
 - Building works (\$2 million), including feasibility studies for the Recreational Aquatic Facility (\$0.6 million) and the Como Tram housing and refurbishment (\$0.33 million),
 - Black Swan Habitat Island (\$1.55 million) with grant funding of \$0.7 million and
 - CCTV technology and lighting (\$1.1 million).

A significant amount of capital project work is planned for 2020/21, and rationalisation of the planned extent of capital works requires consideration.

Capital expenditure included in this amendment does not imply projects or activities should be disregarded or cease, but should instead, be considered in subsequent budgets based on funding availability along with internal capacity and resources to undertake these specific projects. It is reasonable the \$848,000 for the Swan Habitat be deferred until the financial position has improved. It is appropriate to provide the Department of Biodiversity Conservation and Attractions with comfort the City is genuinely regarding the proposed Swan Habitat and the adjacent foreshore by increasing the Riverwall Reserve by \$120,000 (to \$0.3 million).

8. The Coronavirus has financial affected ratepayers within and outside the City. In this environment we should consider a zero gross dollar increase in rates revenue across the City, meaning the average change in gross rates revenue City-wide should not increase in gross dollars (apart from interim rates). As this year is a revaluation year, the City is unable to control the Gross Rental Values of properties, but can fix rates revenue to \$37,954,985 (and amend the rate in the dollar accordingly to reflect fixed revenue amount); comprising of the 2019/20 Estimate (\$37,804,985) plus estimated interim rates of \$150,000.
9. Increasing gross rates revenue should not be an option with the current circumstances, where alternate financial options are available, including managing operating and capital expenditure, recovery of current receivables, deferral of project expenditure to a subsequent year and utilising reserves as an interim measure to address the City's short-term liquidity requirements.
10. Additional Debt (new borrowings) of \$1.56 million should not be undertaken, as this will further burden the City's with future ongoing repayment obligations. Managing capital expenditure, through identifying expenditure savings or the deferral of expenditure to a later year should be the approach adopted for the 2020/21 Budget.
11. Uncollected Rates Revenue at 31 May 2020 for current and prior years totals \$3.5 million, increasing by \$1.1 million from 30 June 2019 uncollected rates revenue (of \$2.4 million).
12. Uncollected Parking Infringements at 30 June 2019 totals \$0.65 million. This represents an additional source of funding, through pursuing collection of these outstanding debts.
13. The proposed 2020/21 Budget includes current receivables of \$5.7 million. This includes uncollected rates revenue from the current and prior year, uncollected parking infringements and other current receivables. Whilst a suspension of debt collecting activities is in place for the 2020/21 financial year due to the Coronavirus, long outstanding debts, including prior year debtors should be considered for collection. When debt collection activities resume in the 2021/22 financial year, these uncollected debts, when collected will provide a significant additional funding source for operating or capital projects.

Details for the above amendment are listed in the Summary and Detailed Tables below.

The above amendments are provided in the Summary Table below (items A to D), and further below, in Detailed Tables (of the Summary Table Items), listed in separate Detailed Tables (A to D), with line item adjustments numbered (i) to (xviii).

Summary Table (Items A to D):

| | Summary of Budget Amendments | Income Statement Decrease / (Increase) \$ | Capital Expenditure Increase / (Decrease) \$ | Municipal Funds Increase / (Decrease) \$ | Liability Decrease / (Increase) \$ |
|---|--|---|--|--|--|
| A | Capital Expenditure - Savings | | -1,561,000 | 1,561,000 | |
| A | Community Facilities Reserve - Savings | | 205,000 | | |
| B | Rates Revenue - Reduced Income | 406,971 | | -406,971 | |
| B | Operating Expenditure Savings | -126,703 | | 126,703 | |
| C | Reserve Transfer to Municipal | | | 408,729 | |
| C | Reserve Transfer from Municipal | | | -120,000 | |
| D | Borrowings - New Loan | | | -1,560,000 | 1,560,000 |
| | Summary - Total Adjustments | 280,268 | -1,356,000 | 9,461 | 1,560,000 |

Refer to the above Budget Amendments, Items A to D, in further detail, in the Detailed Tables (A to D), below.

Detailed Tables:

A – Capital Expenditure

| A | Capital Expenditure | Proposed Budget Item (\$) | Capital Expenditure (Reduction) / Increase (\$) | Capital Exp. (Reduction) / Increase (\$) | Amended 2020/21 Budget Item (\$) | Funding Source to be amended |
|------|--|---------------------------------|--|---|---|---------------------------------|
| | | | Municipal Funds | Reserves | | |
| i | Buildings – Recreational Aquatic Facility | 450,000 | | | 450,000 | Community Facilities Reserve |
| ii | Buildings – Recreational Aquatic Facility | 150,000 | | | 150,000 | Grants / Trade-in |
| iii | Foreshore – Black Swan Habitat Island | 1,548,000 | -848,000 | | 700,000 | Municipal Funds |
| iv | Foreshore – Interpretive Signage – Swan Habitat | 100,000 | -100,000 | | - | Municipal Funds |
| v | Traffic Management – Roeback Drive – Mt Henry to Redmond | 48,000 | -48,000 | | - | Municipal Funds |
| vi | Environmental – Solar Panels | 205,000 | -205,000 | | - | Municipal Funds |
| vii | Environmental – Solar Panels | - | - | 205,000 | 205,000 | Community Facilities Reserve |
| viii | Buildings – Furniture – South Perth Library RFID Smart Return Shelves | 40,000 | -40,000 | | - | Municipal Funds |
| ix | Roadworks | 3,366,306 | | | | |
| | Footpaths | 460,097 | -300,000 | | 3,526,403 | Municipal Funds |
| x | Total Roadworks & Footpaths | 3,826,403 | | | | |
| | Improvements – Olives Reserve – Playground | 20,000 | -20,000 | | - | Municipal Funds |
| xi | Roadworks Waterford Triangle - Laneway | 50,000 | -50,000 | | - | Municipal Funds |
| xii | Parks and Reserves - Improvements Waterford Triangle Park and Laneway Design | - | 50,000 | | 50,000 | Municipal Funds |
| | Capital Adjustments (Expenditure Reduction) | | -1,561,000 | 205,000 | | |

Notes:

- (i) Recreational Aquatic Facility (RAF) feasibility studies proposed 2020/21 Budget is \$600k, comprising of funding from the Community Facilities Reserve \$450k and \$150k from external grants received (ii). The RAF 2020/21 budget expenditure of \$600k is in addition to the \$262k feasibility expenditure estimated for the 2019/20 year-end. If grant proceeds of \$150k are received during 2020/21 and the full budget is spent during the year, feasibility studies costs will total over the two years \$862k.

- (ii) Foreshore – Black Swan Habitat Island includes \$700k grant funding from the Department of Biodiversity Conservation and Attractions (DBCA). Consequentially, if Council approves this amendment and does not proceed with funding this project in 2020/21 with the \$848k proposed contribution, then the \$700k DBCA grant funding may not be provided in 2020/21, and this would separately require an adjustment for grant funding (revenue) of \$700k and also the \$700k capital expenditure committed to the grant.
- (vi) Solar Panels (Environmental) included \$205k funding in the proposed Budget sourced from Municipal Funds. This amendment returns the funding to Municipal Funds (vi) and amends the funding source from the Community Facilities Reserve (vii).
- (xi) Roadworks - Waterford Triangle Laneway (\$50k) should be renamed 'Waterford Triangle Park and Laneway Design' and be transferred to (xii) Park and Reserves – Improvements. This ensures the project has a park priority over the laneway.

B – Operating Revenue & Expenditure

| B | Operating Expenditure | Proposed Budget Item (\$) | Income Reduction / (Increase) (\$) | Expenditure (Reduction) / Increase (\$) | Amended Budget Item (\$) | Funding Source to be amended |
|------------------------------------|---|---------------------------|------------------------------------|---|--------------------------|------------------------------|
| xiii | Rates Revenue (Statement of Comprehensive Income) | 38,361,956 | 406,971 | | 37,954,985 | Municipal Funds |
| xiv | Interest Expense for New load 232 - Various Municipal Works | 1,703 | | -1,703 | | Municipal Funds |
| xv | Operating Expenditure Reduction - Saving (Statement of Comprehensive Income) | 61,501,190 | | -125,000 | | Municipal Funds |
| Total Operating Budget Adjustments | | | 406,971 | -126,703 | | |

C – Reserve Transfer (to/from Municipal)

| C | Reserve Transfers | Proposed Budget Item (\$) | Municipal Funds - Increase / (Decrease) (\$) | Reserve (Reduction) / Increase (\$) | Amended Reserve Item (\$) | Funding Source to be amended |
|-------------------------------------|--|---------------------------|--|-------------------------------------|---------------------------|-------------------------------|
| xvi | Employee Entitlements Reserve Transfer to Municipal Funds | 408,729 | 408,729 | -408,729 | - | Employee Entitlements Reserve |
| xvii | Riverwall Reserve Transfer from Municipal Funds | 181,071 | -120,000 | 120,000 | 301,071 | Riverwall Reserve |
| Total Reserve / Municipal Transfers | | | 288,729 | -288,729 | | |

Reserve Transfer - the transferred amount is the 2020/21 Budget Amount, as it is anticipated this will only be transferred later in the year after existing Municipal funds have been initially utilised, as this deposit earns a slightly higher rate of interest.

D – Borrowings (New Loan)

| D | Borrowings (New Loan) | Proposed Budget Item (\$) | Municipal Funds - (Decrease) (\$) | Loan (Reduction) (\$) | Amended New Loan Item (\$) | Funding Source to be amended |
|-------|---|---------------------------|-----------------------------------|-----------------------|----------------------------|------------------------------|
| xviii | Liability - New Loan 232 - Various Municipal Works | -1,560,000 | -1,560,000 | 1,560,000 | - | Loan Liability |

0620/090**COUNCIL DECISION**

Moved: Mayor Greg Milner
Seconded: Councillor Stephen Russell

In accordance with Clause 8.10 of the City of South Perth Standing Orders Local Law 2007 Councillor Glenn Cridland be granted an additional five minutes to speak on the amendment.

CARRIED (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

0620/091**COUNCIL DECISION**

Moved: Mayor Greg Milner
Seconded: Councillor Carl Celedin

In accordance with Clause 8.10 of the City of South Perth Standing Orders Local Law 2007 Councillor André Brender-A-Brandis be granted an additional five minutes to speak on the amendment.

CARRIED (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

0620/092**Amended Substantive Motion AND COUNCIL DECISION**

Moved: Councillor Glenn Cridland
Seconded: Councillor Carl Celedin

That Council adopts the Annual Budget 2020/21 for the City of South Perth which includes the following:

- a. a General Rate in the Dollar of 7.7634 cents is applied to the Gross Rental Value (GRV) of all rateable property within the City for the year ending 30 June 2021;
- b. a Minimum Rate of \$994.00 be set for the year ending 30 June 2021 notwithstanding the General Rate set out in part (a) above;
- c. the following rubbish service charges be applied for the year ending 30 June 2021:

- i. a standard Rubbish Service Charge of \$325.00;
- ii. a non-rateable property Rubbish Service Charge of \$448.00;
- iii. a standard 1,100 litre bin Rubbish Service Charge of \$1,625.00;
- iv. a non-rateable property 1,100 litre bin Rubbish Service Charge of \$2,240.00;
- d. the Swimming Pool Inspection Fee for the year ending 30 June 2021 of \$30.00;
- e. the following dates be set for payment of rates by instalments:

| | |
|-------------------|-----------------|
| First instalment | 26 August 2020 |
| Second instalment | 4 November 2020 |
| Third instalment | 6 January 2021 |
| Fourth instalment | 10 March 2021 |
- f. an Administration Charge of \$10.00 per instalment for payment of rates by instalments be applied to the second, third and fourth instalment in accordance with Section 6.45(3) and (4) of the *Local Government Act 1995* and Regulation 67 of the Local Government (Financial Management) Regulations 1996;
- g. an Interest Rate of 5.5% be imposed on payment by instalments, to apply to the second, third and fourth instalment in accordance with Section 6.45(3) of the *Local Government Act 1995* and Regulation 68 of the Local Government (Financial Management) Regulations 1996;
- h. an Interest Rate of 8% be imposed on overdue rates in accordance with Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the Local Government (Financial Management) Regulations 1996;
- i. an Interest Rate of 8% be imposed on unpaid Underground Power (UGP) Service Charges in accordance with Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the Local Government (Financial Management) Regulations 1996;
- j. an Interest Rate of 8% be imposed on outstanding debtors in accordance with Section 6.13(1) of the *Local Government Act 1995*.
- k. a Monthly Maintenance Fee of \$440.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period from July 2020 to June 2021 inclusive;
- l. the Statutory Annual Budget for the year ending 30 June 2021 comprising Section 2 of the 2020/21 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted;
- m. the Management Account Summary Budget Schedules for the financial year ending 30 June 2021 as set out in Section 3 of the Annual Budget be endorsed;
- n. the Capital Expenditure Budget for the financial year ending 30 June 2021 as set out in Section 2, Note 4 of the Annual Budget is adopted;
- o. the Reserve Fund transfers for the financial year ending 30 June 2021 as set out in Section 2, Note 7 of the Annual Budget be approved;

- p. the Schedule of Fees and Charges as set out in the Fees and Charges Schedule for the year ending 30 June 2021 be adopted, including State Government Statutory Fees which are still to be determined at a later date than this Report;
- q. the effective date for all items detailed in the 2020/21 Schedule of Fees and Charges is 1 July 2020.
- r. Council adopt a definition of 'significant (material) variances' of \$10,000 or 10% (whichever is the greater) for each capital project and business unit operating revenue and expenditure line item.
- s. in addition to the measures contained within this budget, the following are the specific measures to continue the City's response to COVID-19:
 - i. Waiver of all interest accrued on Rates, Emergency Services Levy (ESL) and Waste from 1 July 2020 to 30 September 2020, for residential and commercial properties in accordance with Policy P697 Financial Hardship Assistance;
 - ii. Suspension of debt collection activities for the 2020/21 financial year;
 - iii. Granting a 3 month repayment holiday, with no penalty interest, for all community group Self Supporting Loans from 1 July 2020 to 30 September 2020;
 - iv. Waiver of club and community organisations lease and licence charges, excluding outgoings for 3 months from 1 July 2020 to 30 September 2020;
 - v. Waiver of licence fees on a pro-rata basis for businesses affected by the WA State Government Closure and Restriction (Limit the Spread) Directions;
 - vi. Freezing commercial property lease and licence payments for those that apply and are deemed eligible under Policy P697 Financial Hardship Assistance for a period of three months from 1 July 2020 to 30 September 2020;
 - vii. Freezing all rent reviews for a period of three months from 1 July 2020 to 30 September 2020;
 - viii. Provide relief in accordance with the Commercial Tenancies Code of Conduct and Policy P697 Financial Hardship Assistance;
 - ix. Endorse the refund of all cancelled bookings at City controlled properties and facilities;
 - x. Adopt the grant programs contained in this budget to support community sporting and cultural groups;
 - xi. Adopt the funding for preparation of an Economic Development Plan to provide a framework for practical support to assist the recovery of the local business sector.
- t. that the Officer's Recommendation be amended to include the following adjustments:
 - 1. Reduce Capital Expenditure by \$1,356,000 (Summary Table, Item A)

(\$1,561,000 increase to Municipal Funds, reduced by; \$205,000 drawn from the Community Facilities Reserve),

2. Reduce Gross Rates Revenue by \$406,971, from \$38,361,956 to \$37,954,985 (Summary Table, Item B),
3. Reduce Operating Expenditure by \$126,703 (Summary Table, Item B),
4. Transfer \$408,729 from the Employee Entitlement Reserve to Municipal Funds (Summary Table, Item C),
5. Transfer \$120,000 to the Riverwall Reserve, from Municipal Funds (Summary Table, Item C) and
6. Remove the new loan (new borrowings) of \$1,560,000 (Summary Table, Item D).

CARRIED BY ABSOLUTE MAJORITY (6/3)

For: Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, Ken Manolas, Stephen Russell.

Against: Councillors Samantha Bradder, Glenn Cridland and Blake D'Souza.

Background

The preparation of the Annual Budget is both a statutory requirement of the *Local Government Act 1995* and a responsible financial management practice. The development of the budget has been influenced by the City's Strategic Community Plan (SCP), Corporate Business Plan (CBP) and Long Term Financial Plan (LTFP) - as well as the prevailing economic climate, which has been substantially impacted by COVID-19. The Annual Budget has been prepared in accordance with the requirements of Part 3 of the Local Government (Financial Management) Regulations 1996.

Comment

In framing the Annual Budget 2020/21, the City considered the current economic environment and the impact of COVID-19, the updated Strategic Community Plan 2020-2030 (SCP) adopted in May 2020 and the Draft Corporate Business Plan 2020-2024 to be considered for adoption at this meeting.

The need to continue to deliver quality services to the community remains a priority with the City conscious of community expectations in relation to household budgets. Acknowledging some of our ratepayers are experiencing financial hardship, Council adopted Policy P697 Financial Hardship Assistance and other measures contained in the City of South Perth Local Community Response and Relief Package. These measures are contained within the Annual Budget 2020/21.

The COVID-19 pandemic, a world health crisis first and foremost, translating into a world economic crisis, has required unprecedented response from all levels of government. The Australian, Western Australian and WA Local Government sectors have played a significant role in supporting communities, likely to be considered world best practice.

However, there is still uncertainty in terms of both the health and economic issues. Whilst optimism has grown in the past few months, a second or third wave (COVID-19) may result in further setbacks that require support. Therefore, the City will continue to monitor and respond appropriately, as it has up to this point.

Developing an annual budget during a once in 100 year event has been challenging and was considered in the context of the preceding years. The 2016/17 Annual Report described the impact of the downturn in the WA economy on the City finances, particularly relating to the flattening of revenue streams and increased expenditure pressure. A program commenced during the 2017/18 financial year to improve the results at each half year review and Annual Budget. The emphasis was to increase non rate revenue and reduce operating expenditure, thereby increasing our ability to improve and maintain the \$791m worth of community assets in order to deliver on the City vision: A City of active places and beautiful spaces.

Despite significant challenges, the City has made good progress on the continuous improvement journey. Had the City not undertaken these measures, the response to COVID-19 would have been more challenging from a fiscal perspective.

In terms of Revenue, as with most local governments across Australia, rates form the largest component of the Budget. At its Special Council Meeting held 21 April 2020 Council resolved to consider implementing a 0% rate increase (average). A resident asked the question about the word 'consider' why can't the Council just adopt a 0% rate increase (average)? Essentially Council was not able to adopt a 0% rate increase as in accordance with the *Local Government Act 1995*, the Annual Budget can be only be adopted between the months of June to August.

Each year Council considers an appropriate Rate to cover the changes in costs, usually increases. For the Annual Budget 2019/20 rate increase, Council adopted the March Consumer Price Index (CPI) of 1.0%. CPI is based on a basket of household goods and services calculated by the Australian Bureau of Statistics (ABS) and released quarterly. For the Annual Budget 2018/19, Council adopted the Local Government Cost Index (LGCI) of 1.6%. LGCI is calculated by the Western Australian Local Government Association (WALGA), using a weighted number ABS Index to represent a local government basket of goods and services. The March 2020 CPI for Perth was 2.1%, this would equate to an additional \$800k (approx.) of Rate revenue to cover increased costs. As yet the March 2020 LGCI has not been released by WALGA.

However, in accordance with the Council Resolution of 21 April 2020, the City has prepared the Annual Budget 2020/21 with a **0%** rate increase (average). In a non-revaluation year, this would result in the rates issued to be the same as the previous year. However, every three years a Gross Rental Value (GRV) revaluation occurs which alters almost every rate notice. The impact of the revaluation is explained in more detail below, under the heading "Rates" and "Emergency Services Levy". It is noted that the vast majority of the Rate Notices issued will result in the same or lower amount than 2019/20.

The second largest revenue component is the waste service charge operating with a reserve account to ensure the service charge is aligned to the costs incurred. The Annual Budget 2020/21 is presented to Council for adoption with the same waste service charge as 2019/20, being \$325.00 for the typical household. The City's waste service charge continues to be one of the lowest in the Metropolitan area. All other waste service charges remain the same as 2019/20.

The City's (non-rate) revenue streams have been negatively impacted in terms of the volume/activity, as well as the impact of prices remaining the same as 2019/20. Ordinarily there would be a slight increase to some fees and charges, however for the Annual Budget 2020/21 the fees and charges remain the same, consistent with the COVID-19 measures included in the Local Community Response and Relief Package adopted by Council on 21 April 2020.

In terms of the volume/activity, parking revenue is down significantly compared to the Annual Budget 2019/20, by approximately \$1m and interest revenue has also been impacted by the lower deposit rates.

The City completed four Budget Workshops with elected members, resulting in the minor review of the Strategic Community Plan 2020-2030, adopted by Council on 26 May 2020. The workshops considered the Corporate Business Plan 2020-2024 and the Annual Budget 2020/21 that are presented for consideration at this meeting.

Overall, in terms of the Statement of Comprehensive Income, the Annual Budget 2020/21 includes Revenue (Operating) of \$56.68m, Expenses (Operating) of \$61.83m and Non-Operating Grant income of \$3.18m. Notwithstanding challenges, the City made significant progress to reduce operating expenditure by \$0.47m from the Annual Budget 2019/20. The challenge was difficult as a number of major costs have increased, in addition to issues that have previously been described such as servicing of additional infrastructure, as well as changes to Regulations requiring the City to write off all assets worth less than \$5,000.

The 2020/21 Capital Works program has a total of \$16.14m, funded from Grants/Trade-ins (\$3.49m), Reserves (\$3.69m), Loans (\$1.56m) and Municipal funds (\$8.94m).

The Rate Notice will be issued to each assessable property within the City and includes three items; Rates, Waste and the Emergency Services Levy (ESL). These are explained in more detail below.

Rates

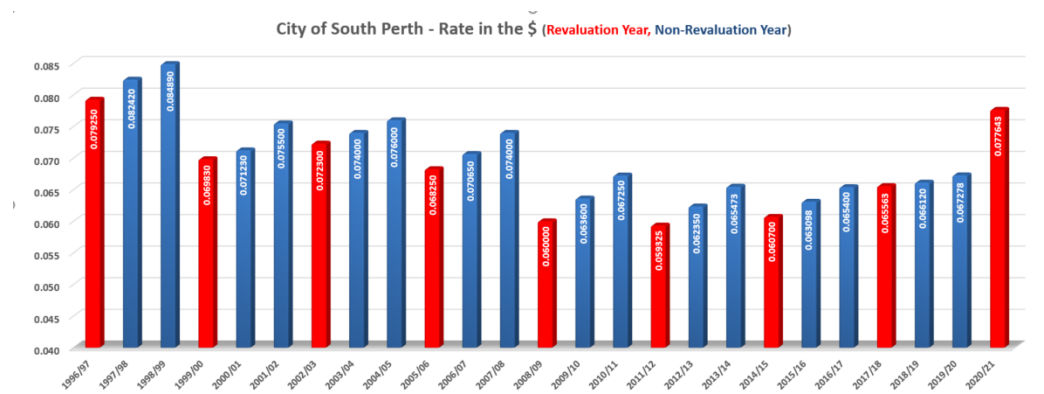
Rates are calculated by using the Gross Rental Value (GRV), provided by Landgate (a State Government agency), multiplied by the rate in the dollar adopted by Council. GRV is an estimation of the likely annual return on a property; for example a property with a \$26,000 GRV is equivalent to earning \$500 per week (\$500 x 52 weeks). Therefore the Rates calculation (GRV x Rate in \$ = Rates), in this scenario; \$26,000 (GRV) x \$0.077634 (rate in the dollar) = \$2,018.48 (Rates).

The State Government (Landgate) provide a GRV for every property and the City is required to use these valuations. Property owners may challenge a valuation, via a Landgate process. Every three years Landgate undertake a revaluation exercise, previously for the Annual Budget 2017/18 and now for the Annual Budget 2020/21. These GRV revaluations caused fluctuations, illustrated by three real examples of properties GRV that were previously \$26,000.

| Property | GRV @2017 | Rates 2019/20 | GRV @2020 | Rates 2020/21 | Variance \$ | % |
|----------|--------------|------------------|--------------|------------------|----------------|------|
| A | \$ 26,000 | \$ 1,749 | \$ 15,600 | \$ 1,211 | -\$ 538 | -31% |
| B | \$ 26,000 | \$ 1,749 | \$ 22,100 | \$ 1,716 | -\$ 33 | -2% |
| C | \$ 26,000 | \$ 1,749 | \$ 27,560 | \$ 2,140 | \$ 391 | 22% |

As depicted in the table above, two of the three properties the rates are less than last year (-31% for property A, -2% for property B) and one higher (22% for property C). Every revaluation year provides communication challenge, as the manner in which Rates and ESL are charged is difficult to explain. This year, perhaps more than other revaluation years, it will be difficult for the public to comprehend that a 0% rate increase does not equate to the same rates as last year. To avoid this confusion, the City made representations to the State Government to delay the implementation of the GRV revaluation until next year. This is explained further below, under the heading “Emergency Services Levy”, however the State Government chose not to intervene in the process.

In the past, each revaluation resulted in the total (and average) GRVs increasing, therefore the City reduced the rate in the dollar, as illustrated in the graph below. Each revaluation year is depicted in red and includes the rate in the dollar. This graph illustrates the rate in the dollar has dropped for each revaluation. For the Annual Budget 2020/21, the revaluation resulted in the total (and average) GRVs decreasing, and therefore the City will increase the rate in the dollar to arrive at a 0% rate increase (average).



In the budget it would appear the City is generating approximately \$560k more revenue. The City has been careful to ensure that rate in the dollar yields the same revenue for the properties that are the same between 2020/21 and 2019/20. The increase in rate revenue is due to growth as a result of new (and improved) properties that did not form part of the 2019/20 Budget.

The recommended 0% rate increase (average) requires a \$0.077634 rate in the dollar (\$0.067278 in 2019/20) to be adopted, due to the reduction in the revaluations. The Minimum Rate remains the same at \$994.00. Approximately 3,128 (15.23%) of properties will be rated with the Minimum Rates, an increase from the 8.9% in 2019/20.

As with all budgets, there are a range of expenses that increase each year. In-order to deliver a 0% rate increase (average), the City had to reduce or eliminate City operating and capital budgets.

In benchmarking against other metropolitan Local Government Authorities (LGA), the City continues to be competitive with its peers in relation to the rate in the dollar. Those LGAs with a lower rate in the dollar tend to have a large industrial and/or commercial rate base. In comparison, the City of South Perth commercial properties represent only 13% of the total Rates.

Fortunately, for the vast majority of ratepayers (over 70%), the Rate Notice will either remain the same or be lower than last year.

Waste service charges

The standard waste service charge for domestic rubbish for the Annual Budget 2020/21 remains at \$325.00, being one of the lowest in the metropolitan area.

This service includes weekly rubbish pick-up, fortnightly recycling collection and three verge-side rubbish collections per year. The 1,100 litre rubbish service for rateable commercial properties remain the same being \$1,625.00. Non-rateable properties also remain the same, paying \$448.00 per standard rubbish service and \$2,240.00 for 1,100 litre bin services.

Residential ratepayers will continue to receive two green waste and one general waste pass to the Recycling Centre. As in previous years, two green waste and one general waste bulk verge-side rubbish collection will be provided.

Emergency Services Levy (ESL)

The State Government ESL charge will again appear on all local government rate notices in 2020/21. This charge will be calculated based on the GRVs supplied to the City using a rates determined by the Fire & Emergency Services Authority.

Local government is forced to collect this on behalf of the State. On 16 March 2020 the McGowan Government announced that ESL, among other State Government charges, would be frozen. On the same day the City contacted the Minister for Local Government to explain that this would not be possible if the GRV revaluation proceeds. As described above, ESL is calculated in the same way as Rates, except the State Government determine the ESL rate in the dollar. Therefore both Rates and ESL will be different for every property, with the exception of those on the ESL maximum.

On 1 May 2020, the Minister for Emergency Services; Corrective Services wrote and thanked the City for alerting them to the issue of the inability of the system to freeze the ESL in a GRV revaluation year. The City was informed via email on 10 June 2020 of the ESL rate in the dollar, essentially remaining the same as 2019/20. It is understood the ESL rate in the dollar will be published in the Government Gazette during the week ending 19 June 2020. Given the reduction of GRV multiplied by the same ESL rate in the dollar, it is likely the majority of properties will have a lower ESL than 2019/20, however there still may be some higher.

The decision to freeze the ESL rate in the dollar will result in the State Government collecting less funds, estimated to be close to \$50m, to fund Fire and Emergency Services. This may have implications for the 2021/22 ESL if the State Government choose to close this funding gap for the first budget after the 20201 state election. Whilst just speculation, closing the funding gap in 2021/22 could see the ESL increase by more than 15%. As described, the ESL charge is outside the control of local government, is set by the State Government and all revenue passed to the State Government.

Employee Information

Salary and wages are included for all approved staff positions in the Annual Budget 2020/21. This includes the permanent establishment of 232 Full Time Equivalents (FTEs), the same as in 2019/20. Staffing in the budget reflects an appropriate mix of resources across the organisation to match our capacity with service expectations, as described in the Corporate Business Plan 2020-24. The total payroll budget has increased to make allowances for the 2.1% pay increase as per the Enterprise Agreement (EA). In addition to staff employed under the terms of the EA, some staff are employed on fixed term contracts, in accordance with the *Local Government Act 1995*, as well as staff employed on fixed term contracts for the duration of a project (e.g. 1System project).

Loan Borrowings

To fund the Capital Budget the City plans to allow for \$1.56m of borrowings in the Annual Budget 2020/21. Due to the significant uncertainty relating to COVID-19, the City will monitor the need to draw down the loan from the WA Treasury Corporation. The requirement to take out the loan will be reviewed as part of the half year Budget Review in December 2020. Information is provided at Note 6 of the Statutory Budget.

Reserve Funds

Included in the Annual Budget 2020/21 is an estimated net reduction of the Reserves by \$3.86m, including interest earned, transfers in and funds applied.

The intended purposes of the various Reserves are disclosed in the Statutory Budget at Note 7, which includes the detail of the major transfers to and from those Reserves and the projected year end balances of each Reserve (and the aggregate movements to and from the Reserves).

Schedules of Capital Projects

The total Schedule of Capital Projects is \$16.14m, funded from municipal funds, reserves, loans and grants.

Fees and Charges Schedule

The attached Fees and Charges Schedule reflects an assessment of the costs of providing services to our community whilst recognising community service obligations. As appropriate, the fee schedule recognises fees determined on a variety of fee bases:

- Full cost recovery,
- Benchmarked / reference pricing,
- Statutory fees, and
- Partial recovery, based on community service obligations.

Collier Park Village (CPV) maintenance fees

The CPV residents maintenance fee will remain the same as 2019/20 and consistent with previous years, including the alternative payment method.

In 2020/21, the four different pricing arrangements available to CPV residents are:

- \$440 per month.
- \$340 per month and have the remaining \$100 per month deducted from Refundable Monies held in the CPV Residents Offset Reserve.
- \$330 per month and have the remaining \$110 per month deducted from Refundable Monies held in the CPV Residents Offset Reserve.
- \$285 per month and have the remaining \$155 per month deducted from Refundable Monies held in the CPV Residents Offset Reserve.

The Annual Amenities Charge is \$497.00 for the 2020/21 year, the same as for 2019/20) being half the Minimum Rates.

Underground Power

The City has liaised with Western Power in relation to the proposed Underground Power installations within the City. COVID-19 impacted on this and has delayed the planned resurvey for Collier and Manning programs. As a result, the information will not be available in time for the adoption of the Annual Budget 2020/21. Depending on the timing and outcomes of the surveys, the alterations to Budget; in terms of Capital costs, Loans and Invoicing properties, will be accommodated through a separate report to Council during the 2020/21 financial year, or may form part of the Annual Budget 2021/22.

Statutory Budget

The Statutory Budget is prepared in accordance with all relevant professional accounting pronouncements. It contains all statutory statements and supporting schedules including:

- Comprehensive Income Statement by Nature or Type
- Comprehensive Income Statement by Reporting Program
- Statement of Cash flows
- Rate Setting Statement
- Notes to and forming part of the Budget

In summary, the draft Annual Budget 2020/21 is presented for adoption by Council, representing a balanced approach during these challenging times.

Monthly/Annual reporting of significant (material) variances

Regulation 34 of the Local Government (Financial Management) Regulations 1996, requires a financial activity statement to be prepared each month, with Regulation 34 (5) stating: "Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the Australian Accounting Standards (AAS), to be used in statements of financial activity for reporting material variances".

Therefore it recommended that Council adopt a definition of 'significant (material) variances' of \$10,000 or 10% (whichever is the greater) for each capital project and business unit operating revenue and expenditure line item.

Consultation

No external consultation occurred in the development of the Budget, as extensive consultation is undertaken as part of each major review of the Strategic Community Plan (SCP). The SCP establishes the long term vision and community priorities, with Council responsible for adopting the Corporate Business Plan, and Annual Budget to that facilitate progress of the SCP. Each year progress is then reported through the Annual Report. Four Council Concept Briefings (Budget Workshops) were undertaken from March through to June 2020.

Policy and Legislative Implications

The development of the Annual Budget has been conducted in accordance with the *Local Government Act 1995* and Regulations, the City's Policy P601- Long Term Financial Plan & Annual Budget Preparation and Policy P604 - Use of Debt as a Funding Option.

Financial Implications

The financial implications of adopting the 2019/20 Budget are as disclosed in **Attachment (a)** of this report.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|--|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Empower effective and quality decision-making and governance |

Attachments

10.4.4 (a): Draft Annual Budget 2020/21 (*Published Separately*)

10.7 MATTERS REFERRED FROM COMMITTEE MEETINGS

10.7.1 Internal Audit Report - Cash Handling

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43401 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Leah Horton, Business Improvement Coordinator |
| Reporting Officer(s): | Colin Cameron, Director Corporate Services |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

This report tables the Internal Audit Report - Cash Handling, in accordance with the City's Strategic Internal Audit Plan. Cash handling is undertaken across nine sites within the City. With the exception of the Civic Centre front counter, the transactions are predominately of low value and the volume of transactions are low. The report contains Paxon's 23 detailed findings, many with similar themes across the nine sites.

The audit includes strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments. It is recommended that each issue (nine) be accepted, added to the City's Audit Register, with commentary on the progress of the resolution of issues to be reported at each Committee Meeting.

0620/093

Committee Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder
Seconded: Councillor André Brender-A-Brandis

That the Audit, Risk and Governance Committee recommends to Council that it:

1. Notes the Cash Handling report contained in **Confidential Attachment (a)**; and
2. Accepts all 24 recommendations contained in Section 5 of the Internal Audit – Cash Handling report be added to the Audit Register.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

For each Internal Audit completed, the reports are presented to the ARGC and then Council for acceptance of the recommendations. Paxon attend the relevant ARGC meeting to respond to questions relating to the report. Management respond to Paxon's recommendations, in relation to their findings, and these are listed in the Audit Register.

Comment

The Internal Audit Report – Cash Handling is a confidential report to be used for internal purposes to assist in improving business processes and systems. The report includes the strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments.

Internal Audit is an essential component of the City's continuous improvement process and findings are welcome. As many areas have never been audited before, it is likely that each Internal Audit may contain many findings. The Internal Audit Cash Handling resulted in 24 findings across the nine sites, two high, 10 medium risk and 12 low risk. It is important Cash be managed appropriately and it is worth noting that the main cash handling site, the front counter at the Administration Centre has achieved a high rating. The findings identify opportunities for improvement relating to sites with both a very value and low volume of transactions. COVID-19 has facilitated a re-assessment of accepting cash at every site. Eftpos facilities have been deployed and the City is considering most sites to be cashless. It is recommended that the ARGC accept each of these findings and that these are included in the Audit Register.

All items included in the Audit Register will be reported at each subsequent ARGC meeting, including information relating to the progress of implementing the Agreed Management Actions, a percentage complete indicator and officer comments. As these issues are implemented, a recommendation will be included to close the item. Closed items will no longer be reported in the Audit Register to the Committee, but will be accessible by the Internal and External Auditors to review compliance.

Consultation

Nil.

Policy and Legislative Implications

The Internal Audit function is considered a business improvement process that will assist in compliance with Regulation 5 of the Local Government (Financial Management) Regulations 1996 (CEO's duties as to financial management) and regulation 7 of the Local Government (Audit) Regulations 1996 (CEO to review certain systems and procedures).

Financial Implications

The Internal Audit function has a budget of \$40,000 for the 2019/20 financial year and it is anticipated that a budget of a similar amount is to be adopted each year.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

10.7.1 (a): Internal Audit Report - Cash Handling (*Confidential*)

10.7.2 Audit Register - Progress Report

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43408 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Leah Horton, Business Improvement Coordinator |
| Reporting Officer(s): | Colin Cameron, Director Corporate Services |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

This report provides an update on the progress of actions included in the Audit Register. The Audit Register includes all open audit findings that have previously been accepted by the Committee. It is recommended the Committee review and accept the Audit Register Progress Report.

0620/094

Committee Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder
Seconded: Councillor André Brender-A-Brandis

That the Audit, Risk and Governance Committee recommends to Council that it:

1. Notes the progress recorded against each item within the Audit Register in **Confidential Attachment (a)**; and
2. Approves the ten marked as Completed (100%) in the Audit Register, to be registered as closed and no longer reported to the Committee.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

The confidential Audit Register lists Internal and External audit findings, describes progress of implementing improvements and percentage completion. This report is prepared for noting the progress and completion of findings since the last meeting.

Comment

A summary of the Audit Register is usually included to illustrate trend of the actions that have been added, progressed and completed. This summary is in the process of being redeveloped.

The Committee is requested to recommend to Council to note the progress and officer comments. In addition, it is recommended all seven completed (100%) items in the Audit Register be registered as closed. All closed items will not form part of the Audit Register report for future meetings. The closed items are available for the Internal and External Auditors and Committee/Council to review.

It is requested to note the Audit Register in **Confidential Attachment (a)**.

The Audit Register contains progress of relating to all open findings, including the Information Systems Audit undertaken by the WA Auditor General, submitted to the ARGC meeting on 9 September 2019. Attached is the detail report, as well as a recent letter from the WA Auditor General. Given the confidential nature of the attachments, staff will discuss this matter at the meeting.

Consultation

Nil.

Policy and Legislative Implications

The Internal Audit function is considered a business improvement process that will assist in compliance with Regulation 5 of the Local Government (Financial Management) Regulation 1996 (CEO's duties as to financial management) and Regulation 7 of the Local Government (Audit) Regulations 1996 (CEO to review certain systems and procedures).

Financial Implications

The Internal Audit function (Paxon) has a budget of \$40,000 for the 2019/20 financial year and it is anticipated that a budget of a similar amount is to be adopted each year. Officers' effort to undertake the improvements and report on progress has not been estimated.

The External Audit function (WA Auditor General) has a budget of \$55,000 for the audit of the 2018/19 Financial Statements.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

| | |
|-------------|--|
| 10.7.2 (a): | Audit Register June 2020 (<i>Confidential</i>) |
| 10.7.2 (b): | Letter from WA Auditor General (<i>Confidential</i>) |
| 10.7.2 (c): | WA Auditor General - Information Systems Audit (<i>Confidential</i>) |

10.7.3 Risk Management Update

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-44166 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Christine Lovett, Senior Governance Officer |
| Reporting Officer(s): | Geoff Glass, Chief Executive Officer |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

This report provides an update to the Audit, Risk and Governance Committee of the Risk Management activities undertaken by the City of South Perth for the period 1 March 2020 to 30 May 2020.

Committee Recommendation

That the Audit, Risk and Governance Committee defers consideration of this Item until a workshop is held with the Committee including external members.

0620/095

Committee Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder
Seconded: Councillor André Brender-A-Brandis

That the Audit, Risk and Governance Committee defers consideration of this Item until a workshop is held with the Committee including external members.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Officer Recommendation

That the Audit, Risk and Governance Committee recommends to Council that it endorses the Strategic Risk Register as contained in **Confidential Attachment (a)**.

Background

The Council is responsible for the strategic direction of the City. The City's Audit, Risk and Governance Committee (ARGC) is a Committee of Council in accordance with the *Local Government Act 1995* (the Act) and is responsible for providing guidance, assistance and oversight to the Council, in relation to matters which include risk management.

The responsibility of the ARGC in relation to the risk management program includes overseeing the strategic risk management process and ensuring that the administration has a robust and structured process for identifying and managing strategic risks.

In addition, the City has an internal Risk Management Committee to coordinate the City's risk management activities. The Risk Management Committee updates the City's Risk Registers and has responsibility for identifying and monitoring risks and assists in developing and recommending treatments for agreed priority risks. The Committee meets quarterly to conduct a review on identified risks and associated risk treatments, includes a membership from across all directorates and reports to the Executive Management Team (EMT). In August 2019, an updated Operational Risk Register and the existing Strategic Risk Register were endorsed by the EMT.

On 18 November 2019, City officers presented the Strategic and Operational Risk Registers to the ARGC for noting. At that meeting, the Officer Recommendation was lost.

On 11 February 2020, the City held a Risk Management Workshop with Councillors and external Committee Members on the City's Risk Management Framework and discussed the City's risk ratings, risk registers and proposed Risk Management Policy. The workshop was facilitated by a consultant from LGIS, the City's insurer. The consultant advised those in attendance that the City had a robust framework and appropriate Registers.

All risks continue to be monitored to ensure adequate strategies are in place so residual risks are effectively managed. The City's Strategic Risk Register will be presented quarterly to the ARGC. Operational risks will be presented if an 'Extreme' risk has been identified.

Comment

This report provides information to the ARGC on the City's current Strategic Risk Register and provides updates on any changes to the Register. For the Committee's information, the City will be moving to a new Risk Management platform by December 2020 that will enable an enhanced Strategic Plan Dashboard Report to be produced in turn providing a better overall view of the City's risks and risk management.

For the period 1 March 2020 to 30 May 2020, a number of changes have been made to the Register. The recent COVID-19 pandemic resulted in a review and update of all business continuity plans in order to support the pandemic situation. The City's Internal Risk Management Committee continued to meet on a regular basis to review operational and strategic risks, in particular, in relation to the effects of the COVID-19 pandemic.

The following is a summary of the changes to the City's Strategic Risk Register, primarily caused by the COVID-19 pandemic, the controls in place and action plan moving forward:

| Strategic Risk | Description | Controls | Action Plan |
|---------------------------------|--|---|--|
| Cash flow sustainability | Failure to maximise opportunities to create or enhance sustainable income streams or gain efficiencies in expense management | <ul style="list-style-type: none"> ▪ Daily Cash flow and liquidity management; and ▪ Monthly financial reporting. | <ul style="list-style-type: none"> ▪ 2020/2021 Budget to consider impact of revenue short fall; ▪ Budget to consider access to reserves to ensure short term liquidity; and ▪ Budget to consider borrowing to fund shortfall. |
| Systems and process consistency | Inadequate consistency of data or processes across City operations | <ul style="list-style-type: none"> ▪ Updated Business Continuity Plans ▪ 1System Project ▪ COVID-19 Response Team ▪ Activation of work from home capabilities | <ul style="list-style-type: none"> ▪ Progression of 1System Project ▪ Further review of Business Continuity Plans |
| Business Planning | Inadequate resource considerations (human, physical and financial) in business planning | <ul style="list-style-type: none"> ▪ City Officer dedicated to business improvement | <ul style="list-style-type: none"> ▪ Ongoing reporting of Corporate Business Plan |
| Stakeholder Engagement | Failure to identify, engage and effectively manage the City's multiple stakeholders in activities that have (or the potential to have) high community interest | <ul style="list-style-type: none"> ▪ Regular updates on City website/Facebook and Instagram pages. ▪ Online Council Meetings | <ul style="list-style-type: none"> ▪ Ongoing updates to the community via website/Facebook and Instagram ▪ City newsletters ▪ Peninsular updates |
| Project Management | Inadequate analysis, design, delivery and/or status reporting of project initiatives, resulting in additional expenses, time delays or scope changes. | <ul style="list-style-type: none"> ▪ Management Practice M694 Project Management Framework ▪ Contract management | <ul style="list-style-type: none"> ▪ Appropriate contract management |

Consultation

Nil.

Policy and Legislative Implications

Policy P695 Risk Management

Local Government (Audit) Regulations 1996 – 17(1)(a)

Financial Implications

Nil

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

10.7.3 (a): Strategic Risk Register (*Confidential*)

10.7.4 Review of Policy P613 Capitalisation & Valuation of Fixed Assets

| | |
|-----------------------|--|
| Location: | Not Applicable |
| Ward: | Not Applicable |
| Applicant: | Not Applicable |
| File Ref: | D-20-43410 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Abrie Lacock, Manager Finance |
| Reporting Officer(s): | Colin Cameron, Director Corporate Services |
| Strategic Direction: | Leadership: A visionary and influential local government |
| Council Strategy: | 4.3 Good Governance |

Summary

The amendment to Regulation 17 of the Local Government (Financial Management) Regulations 1996 has necessitated a revision of the City's Policy P613 Capitalisation & Valuation of Fixed Assets.

An amended version of Policy P613 **Attachment (a)** is now presented to Council for adoption.

0620/096

Committee Recommendation AND COUNCIL DECISION

Moved: Councillor Glenn Cridland

Seconded: Councillor André Brender-A-Brandis

That the Audit, Risk and Governance Committee recommends to Council that it adopts revised Policy P613 Capitalisation & Valuation of Fixed Assets contained within **Attachment (a)**.

CARRIED (7/2)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Stephen Russell.

Against: Councillors Blake D'Souza and Ken Manolas.

Background

An amendment to regulation 17 (A) of the Local Government (Financial Management) Regulations 1996 was gazetted on 26 June 2018 which allows a local government to revalue its assets:

- whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount; and
- in any event, within a period of at least 3 years but no more than 5 years after the day on which the asset was last valued or revalued.

Comment

The City carries all its Fixed Assets at fair value, to adopt revaluation guidelines that are in accordance with legislation ensures that the maximum cost benefit outcome is obtained for the City. The WA Auditor General in its *Audit Results Report – Annual 2018-19 Financial Audits of Local Government Entities* noted on page 26 “The cost of periodically revaluing infrastructure and property, plant and equipment assets can be significant. For smaller entities, the benefits of valuations for the entity and for users of the annual financial report may not always justify the cost”.

Accordingly the City of Canning and Town of Victoria Park have also adopted this approach, in line with legislation.

Consultation

Nil

Policy and Legislative Implications

The reviewed and revised policy is consistent with the Local Government (Financial Management) Regulations 1996.

Financial Implications

The amended Policy in line with legislation will ensure that the maximum cost benefit balance is achieved for the City.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council’s [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

10.7.4 (a): Policy P613 Capitalisation & Valuation of Fixed Assets

Item 15.1.2 was considered behind closed doors at 8.07pm prior to Item 11. Refer to page 67 for the resolution.

11. APPLICATIONS FOR LEAVE OF ABSENCE

Nil.

12. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

12.1 NOTICE OF MOTION - COUNCILLOR MARY CHOY - POLICY P402 ALFRESCO DINING

| | |
|-----------------------|---|
| Location: | Not Applicable |
| Ward: | All |
| Applicant: | Not Applicable |
| File Ref: | D-20-43655 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Fiona Mullen, Manager Development Services |
| Reporting Officer(s): | Vicki Lummer, Director Development and Community Services |
| Strategic Direction: | Economy: A thriving City activated by innovation, attractions and opportunities |
| Council Strategy: | 2.1 Local Business |

Summary

Councillor Mary Choy submitted the following Notice of Motion prior to the June Council Agenda Briefing.

0620/097

COUNCIL DECISION

Moved: Councillor Mary Choy
Seconded: Councillor Blake D'Souza

That Council approves the relaxation of the requirements and guidelines of policy P402 Alfresco Dining, on a case by case basis, in order to allow alfresco dining to take place outside businesses, subject to adequate footpath width always being maintained for safe unobstructed pedestrian access along footpaths, as determined by the City.

CARRIED (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

Councillor Mary Choy submitted a Notice of Motion regarding the relaxation of the requirements and guidelines of Policy P402 Alfresco Dining. The reasons given are:

The aim of this motion is to further assist businesses to respond to the adverse impacts of the current COVID-19 pandemic, in terms of easing some current rules and restrictions, to help keep businesses viable. The requirements of the policy, such as providing barriers, could be relaxed on a temporary basis to allow businesses to comply with social distancing and the 4 m2 rule. At all times the safety of pedestrians should be maintained, and officers can consider this on a case by case basis.

Business owners and the broader community need local businesses to remain viable and continue to succeed both during and after this unique and difficult time in our history.

The extra proposed measures may not be covered in the upcoming budget workshops and even if they are, the turnaround time to be able to raise this motion again for discussion may be too long for many businesses to sustain at this time.

Comment

In response to the restrictions from COVID-19, the City has been allowing flexibility in application of the normal alfresco dining requirements. This motion will formalise the policy relaxations and provide Council support for local business and also complement the Clause 78H Notice of Exemption from Planning Requirements issued by the Minister for Planning.

In May, on receipt of, and prompted by the Notice of Motion, officers contacted all food business in the City to appraise them of where they may obtain information in relation to the easing of restrictions.

Further discussions and advice was provided to three businesses that wanted to provide alfresco dining as they did not have the opportunity for more customers inside their premises.

Since that time in May, the Government has moved to Phase 3 of the COVID-19 roadmap and also the winter weather means that there is less call for alfresco dining in the City.

The City's Environmental Health Officers continue to support local food business and work with local agencies to ensure ongoing compliance as restrictions are eased.

The proposed motion, however continues to remain relevant, as in order to support vibrancy in the City's activity centres, all efforts should be made for activity on the street to be comfortable, welcoming and attractive to draw in customers and encourage them to linger longer in the centres and spend money at local businesses. Allowing the relaxation of requirements for street activity goes some way to achieving this aim.

Consultation

Nil.

Policy and Legislative Implications

Policy P409 Alfresco Dining

Financial Implications

Nil.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Economy |
| Aspiration: | A thriving City activated by innovation, attractions and opportunities. |
| Outcome: | Local business |
| Strategy: | Facilitate economic development opportunities to enhance local business success |

Attachments

Nil

12.2 NOTICE OF MOTION - COUNCILLOR CARL CELEDIN - AUDIT, RISK AND GOVERNANCE COMMITTEE NOMINATION

Location: Not Applicable
Ward: Not Applicable
Applicant: Not Applicable
File Ref: D-20-43657
Meeting Date: 23 June 2020
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Geoff Glass, Chief Executive Officer
Strategic Direction: Leadership: A visionary and influential local government
Council Strategy: 4.3 Good Governance

Summary

Councillor Carl Celedin submitted the following Notice of Motion prior to the June Council Agenda Briefing.

0620/098

COUNCIL DECISION

Moved: Councillor Carl Celedin

Seconded: Mayor Greg Milner

That Councillor Carl Celedin be appointed to the Audit, Risk and Governance Committee.

CARRIED BY ABSOLUTE MAJORITY (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Background

Councillor Carl Celedin submitted the above Notice of Motion prior to the Council Agenda Briefing held 16 June 2020.

Comment

The Audit, Risk and Governance Committee consists of Mayor Greg Milner, Councillors Blake D'Souza, André Brender-A-Brandis, Mary Choy, Ken Manolas and Glenn Cridland plus two external members Mr Phillip Draber and Ms Shona Zulsdorf. Elected Members who are not Members of the Committee are able to attend as observers.

The Committee has no delegated power and any recommendations from this Committee are submitted to Council for determination.

Consultation

Nil

Policy and Legislative Implications

Nil

Financial Implications

Nil

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

| | |
|----------------------|---|
| Strategic Direction: | Leadership |
| Aspiration: | A visionary and influential local government |
| Outcome: | Good governance |
| Strategy: | Foster effective governance through quality decision-making |

Attachments

Nil

13. QUESTIONS FROM MEMBERS

13.1 RESPONSE TO PREVIOUS QUESTIONS FROM MEMBERS TAKEN ON NOTICE

Nil.

13.2 QUESTIONS FROM MEMBERS

- Councillor Carl Celedin
- Councillor Mary Choy
- Councillor Stephen Russell

The questions and responses can be found in the **Appendix** of these Minutes.

14. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING

Nil

15. MEETING CLOSED TO THE PUBLIC

The Chief Executive Officer advised that there are matters for discussion on the Agenda for which the meeting may be closed to the public, in accordance with section 5.23(2) of the *Local Government Act 1995*.

15.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

15.1.1 Bank Guarantee Variation Request

*This item is considered **confidential** in accordance with section 5.23(2)(d) of the Local Government Act 1995 as it contains information relating to "legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting"*

| | |
|-----------------------|---|
| Location: | 1 Mends Street, South Perth |
| Ward: | Mill Point Ward |
| Applicant: | Finbar |
| File Ref: | D-20-43658 |
| Meeting Date: | 23 June 2020 |
| Author(s): | Bernadine Tucker, Manager Governance |
| Reporting Officer(s): | Geoff Glass, Chief Executive Officer |
| Strategic Direction: | Economy: A thriving City activated by innovation, attractions and opportunities |
| Council Strategy: | 2.2 Activated Places |

0620/099

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Samantha Bradder
Seconded: Councillor André Brender-A-Brandis

That Council not approve the request by Finbar for two bank guarantee variations in the contract of sale for the development known as Civic Heart.

CARRIED BY EXCEPTION RESOLUTION (9/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Chief Executive Officer Geoff Glass disclosed a Financial Interest in Item 15.1.2 and accordingly retired and disconnected from the eMeeting at 8.06pm.

Councillor André Brender-A-Brandis disclosed an Impartiality Interest in Item 15.1.2 and disconnected from the eMeeting at 8.06pm.

0620/100

Officer Recommendation AND COUNCIL DECISION

Moved: Mayor Greg Milner

Seconded: Councillor Carl Celedin

That the following Agenda Item be considered in closed session, in accordance with s5.23(2) of the *Local Government Act 1995*:

- Item 15.1.2 Chief Executive Officer's Employment

CARRIED (8/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

At the request of Councillor Stephen Russell, the Presiding Member adjourned the eMeeting in accordance with Clause 15.1 of the City of South Perth Standing Orders Local Law 2007 at 8.08pm for a duration of 5 minutes.

The eMeeting resumed at 8.14pm.

15.1.2 Chief Executive Officer's Employment

*This item is considered **confidential** in accordance with section 5.23(2)(a) of the Local Government Act 1995 as it contains information relating to "a matter affecting an employee or employees"*

Location: Not Applicable
Ward: Not Applicable
Applicant: Not Applicable
File Ref: D-20-43659
Meeting Date: 23 June 2020
Author(s): Pele McDonald, Manager Human Resources
Reporting Officer(s): Geoff Glass, Chief Executive Officer
Strategic Direction: Leadership: A visionary and influential local government
Council Strategy: 4.3 Good Governance

Recommendation

Moved: Councillor Glenn Cridland
Seconded: Councillor Samantha Bradder

That Council selects Option A below:

That Council:

1. Endorses the CEO's request for a 12 month extension of contract.
2. Authorises the Mayor, in consultation with the Manager Human Resources to:
 - a. Offer the CEO a new Contract of Employment as the Chief Executive Officer of the City of South Perth, under the same terms and conditions of the current contract, for a term expiring on 29 October 2021;
 - b. Authorises the Mayor to sign the contract on behalf of the City;
 - c. Authorises the affixing of the City's Common Seal to the contract of employment.

LOST (4/4)

For: Councillors Samantha Bradder, Carl Celedin, Glenn Cridland and Stephen Russell.

Against: Mayor Greg Milner and Councillors Mary Choy, Blake D'Souza and Ken Manolas.

Casting Vote Against: Mayor Greg Milner

During debate Mayor Greg Milner foreshadowed an Alternative Motion.

0620/101

Alternative Motion AND COUNCIL DECISION

Moved: Mayor Greg Milner

Seconded: Councillor Blake D'Souza

That Council:

1. Rejects the Chief Executive Officer's request for a 12 month extension of contract.
2. Establishes the Chief Executive Officer Selection Committee in accordance with Section 5.8 and Section 5.9(2)(a) of the *Local Government Act 1995*.
3. Endorses the following Terms of Reference for the Chief Executive Officer Selection Committee:
 - a. The Chief Executive Officer Selection Committee is to select and appoint an independent recruitment consultant with the following Scope of Works:
 - i. Deliver the scope of works, in consultation with the Council and the Chief Executive Officer Selection Committee;
 - ii. Prepare and place the Job Advertisement;
 - iii. Prepare the Job Information/ Application Package and field applicant questions;
 - iv. Conduct Executive Search;
 - v. Perform preliminary Applicant Assessments and Background Checks;
 - vi. Assist the Chief Executive Officer Selection Committee to develop interview questions and to prepare for interviews;
 - vii. Guide the Chief Executive Officer Selection Committee in the interview and selection process;
 - viii. Conduct referee checks.
 - b. The Chief Executive Officer Selection Committee is to coordinate the recruitment process in an appropriately confidential manner, with the assistance of the Manager Human Resources and the independent recruitment consultant, to attract and select an appropriate candidate.
 - c. The Chief Executive Officer Selection Committee, with the assistance of the Manager Human Resources and the independent recruitment consultant, is to coordinate the preparation of an application package, position description, recommended remuneration package, advertising, selection criteria, searching for applicants, short listing, development of interview process, conducting

interviews, screening, assessing, conducting referee checks, writing reports and contract preparation; and

- d. The Chief Executive Officer Selection Committee is to make a recommendation to Council on the preferred candidate and remuneration package to be offered.
4. Delegates authority under section 5.16 of the *Local Government Act 1995* to the Chief Executive Officer Selection Committee to select and appoint an independent recruitment consultant for the duration of the CEO recruitment and appointment process.
5. Appoints the Mayor, Deputy Mayor and Councillors Samantha Bradder, Mary Choy, Glenn Cridland, Ken Manolas and Stephen Russell to the Chief Executive Officer Selection Committee.
6. Allocates an additional \$20,000 in the 2020/21 financial year budget for the Chief Executive Officer recruitment.
7. Allocates an additional \$30,000 in the 2020/21 financial year budget for the Chief Executive Officer recruitment process for legal expenses.
8. Authorises the Mayor, in consultation with the Manager Human Resources to:
 - a. Offer the CEO a new Contract of Employment as the Chief Executive Officer of the City of South Perth, under the same terms and conditions of the current contract, for a term expiring on 29 January 2021;
 - b. Sign the contract on behalf of the City; and
 - c. Affix the City's Common Seal to the contract of employment.
9. That the Mayor convene a CEO Recruitment Committee meeting by 15 July 2020.

CARRIED BY ABSOLUTE MAJORITY (8/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Reasons for Change

1. The appointment of the independent recruitment consultant should be a matter to be determined by the Chief Executive Officer's Recruitment Committee.
2. As the current CEO's contract is due to expire in October 2020, there is a possibility the preferred candidate will not be available to commence at that time. Therefore, it is preferable to extend the current CEO's contract to ensure continuity.

Officer Recommendation

That Council selects option _____ below:

OPTION A:

That Council:

1. Endorses the CEO's request for a 12 month extension of contract.
2. Authorises the Mayor, in consultation with the Manager Human Resources to:
 - a. Offer the CEO a new Contract of Employment as the Chief Executive Officer of the City of South Perth, under the same terms and conditions of the current contract, for a term expiring on 29 October 2021;
 - b. Authorises the Mayor to sign the contract on behalf of the City;
 - c. Authorises the affixing of the City's Common Seal to the contract of employment.

OPTION B:

That Council:

1. Rejects the Chief Executive Officer's request for a 12 month extension of contract.
2. Establishes the Chief Executive Officer Selection Committee in accordance with Section 5.8 and Section 5.9(2)(a) of the *Local Government Act 1995*.
3. Authorises the Manager Human Resources, to appoint an independent recruitment consultant for the Chief Executive Officer recruitment with the following Scope of Works:
 - a. Deliver the scope of works, in consultation with the Council and the Chief Executive Officer Selection Committee;
 - b. Prepare the CEO position description and selection criteria;
 - c. Prepare and place the Job Advertisement;
 - d. Prepare the Job Information/ Application Package and field applicant questions;
 - e. Conduct Executive Search;
 - f. Perform preliminary Applicant Assessments and Background Checks;
 - g. Assist the Chief Executive Officer Selection Committee to develop interview questions and to prepare for interviews;
 - h. Guide the Chief Executive Officer Selection Committee in the interview and selection process;
 - i. Conduct referee checks;
 - j. Prepare a contract of Employment for the preferred candidate;

- k. Prepare a report for Council on the preferred candidate and remuneration package to be offered.
- 4. Endorses the following Terms of Reference for the Chief Executive Officer Selection Committee:
 - e. The Chief Executive Officer Selection Committee is to be an advisory Committee for the duration of the CEO recruitment process.
 - f. The Chief Executive Officer Selection Committee to coordinate the recruitment process in an appropriately confidential manner, with the assistance of the Manager Human Resources and the independent recruitment consultant, to attract and select an appropriate candidate.
 - g. The Chief Executive Officer Selection Committee, with the assistance of the Manager Human Resources and the independent recruitment consultant, is to coordinate the preparation of an application package, position description, recommended remuneration package, advertising, searching for applicants, short listing, development of interview process, conducting interviews, screening, assessing, conducting referee checks, writing reports and contract preparation; and
 - h. The Chief Executive Officer Selection Committee is to make a recommendation to Council on the preferred candidate and remuneration package to be offered.
- 5. Appoints the Mayor, Deputy Mayor and _____, _____ and _____ to the Chief Executive Officer Selection Committee.
- 6. Allocates an additional \$20,000 in the 2020/21 financial year budget for the Chief Executive Officer recruitment.
- 7. Allocates an additional \$30,000 in the 2020/21 financial year budget for the Chief Executive Officer recruitment process for legal expenses.

Absolute Majority Required for Option B

0620/102

COUNCIL DECISION

Moved: Mayor Greg Milner

Seconded: Councillor Samantha Bradder

That the meeting be reopened to the Public.

CARRIED (8/0)

For: Mayor Greg Milner and Councillors Samantha Bradder, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Stephen Russell.

Against: Nil.

Councillor André Brender-A-Brandis reconnected to the eMeeting at 9.16pm.

16. CLOSURE

The Presiding Member thanked everyone for their attendance and closed the meeting at 9.36pm.

APPENDIX

QUESTIONS FROM MEMBERS OCM 23 JUNE 2020

| Councillor Carl Celedin | Response provided by: Mark Taylor, Director Infrastructure Services |
|--|--|
| I have been volunteering at the Manning Primary School and there is a BMX track there. I believe the City of South Perth partly funded the track and there are rumours that it is going to be demolished. Has the principal notified the City of why, if in fact it is being demolished and what will replace it? | The City has not been advised formally however in discussions with our Environmental Supervisor, the principal has advised that the BMX track will be demolished. The City was involved in the construction of the BMX track as a result of a federal grant many years ago. |
| Councillor Mary Choy | Response provided by: Mark Taylor, Director Infrastructure Services |
| Regarding the 20/21 Budget, in the Capital Works Program under Parking Management Devices, can the Council be given some assurances in respect to these devices which I believe will include licence plate recognition software, in terms of the data collection integrity and security that it will be maintained at all times and that the data will not be shared with external private third party agencies or contractors please? | Councillors were present at two workshops this year looking at how the City could run parking going forward. There is a desire to embrace technology and in particular the potential to be able to discern between ratepayers and others in regards to parking concessions. Officers are pursuing that and it is part of the budget allocation for that continued roll out of the machines that will take the licence number and then use the technology. However before this occurs the six monthly review on parking is due which was intended to be done as part of the budget process however this was considered too complicated. In addition, with the coronavirus situation parking conditions are currently tight and they are going to continue to be that way. Officers are planning to brief Council soon on parking following which we will have a comprehensive understanding of what happens to that data. |

| Councillor Stephen Russell | Responses provided by: Vicki Lummer, Director Development and Community Services |
|---|---|
| 1. Regarding Item 12.3 at the March OCM, what is the status of the alternative motion that was passed by Council? | This motion has been completed. All of the notification letters have been amended and the web page is up. |
| 2. There was an action to send a letter to the Minister for Planning regarding the timeframe with respect to the meeting, what is the status of that? | This action is complete. We are awaiting the response. |

DISCLAIMER

The City advises that comments recorded represent the views of the person making them and should not in any way be interpreted as representing the views of Council. The minutes are a confirmation as to the nature of comments made and provide no endorsement of such comments. Most importantly, the comments included as dot points are not purported to be a complete record of all comments made during the course of debate. Persons relying on the minutes are expressly advised that the summary of comments provided in those minutes do not reflect and should not be taken to reflect the view of the Council. The City makes no warranty as to the veracity or accuracy of the individual opinions expressed and recorded therein.

These Minutes were confirmed at the Ordinary Council Meeting held: Tuesday 28 July 2020

Signed _____ / /2020
Presiding Member at the meeting at which the Minutes were confirmed